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ABSTRACT

The primary purpose of this handbook is to help high school guidance counselors advise students seeking financial aid for postsecondary education. It provides information on sources of aid and how to apply for aid from the programs administered by the U.S. Department of Education. Also included are supplementary materials that suggest different ways to encourage high school students to consider postsecondary education as an avenue to a more rewarding career. Part I of this handbook provides general information about postsecondary opportunities. It focuses on sources of aid, general eligibility requirements for student aid, how one demonstrates need, and how to choose a school. Part II discusses the application process for financial aid. This section considers the federal role in application processing, how to apply for aid, submitting an initial application, how the application is processed, reviewing the student aid report, and making changes. Part III concentrates on filling out the Free Application for Federal Student Aid. It explains the nine sections: (1) yourself; (2) student status; (3) household information; (4) 1992 income, earnings, and benefits; (5) Federal Stafford Loan information; (6) your veterans educational benefits; (7) college release and certification; (8) asset information; and (9) state information. A special supplement is included that focuses specifically on getting disadvantaged students into college. Sources of additional information, information on state agencies, and a glossary of relevant terms are appended. (NB)

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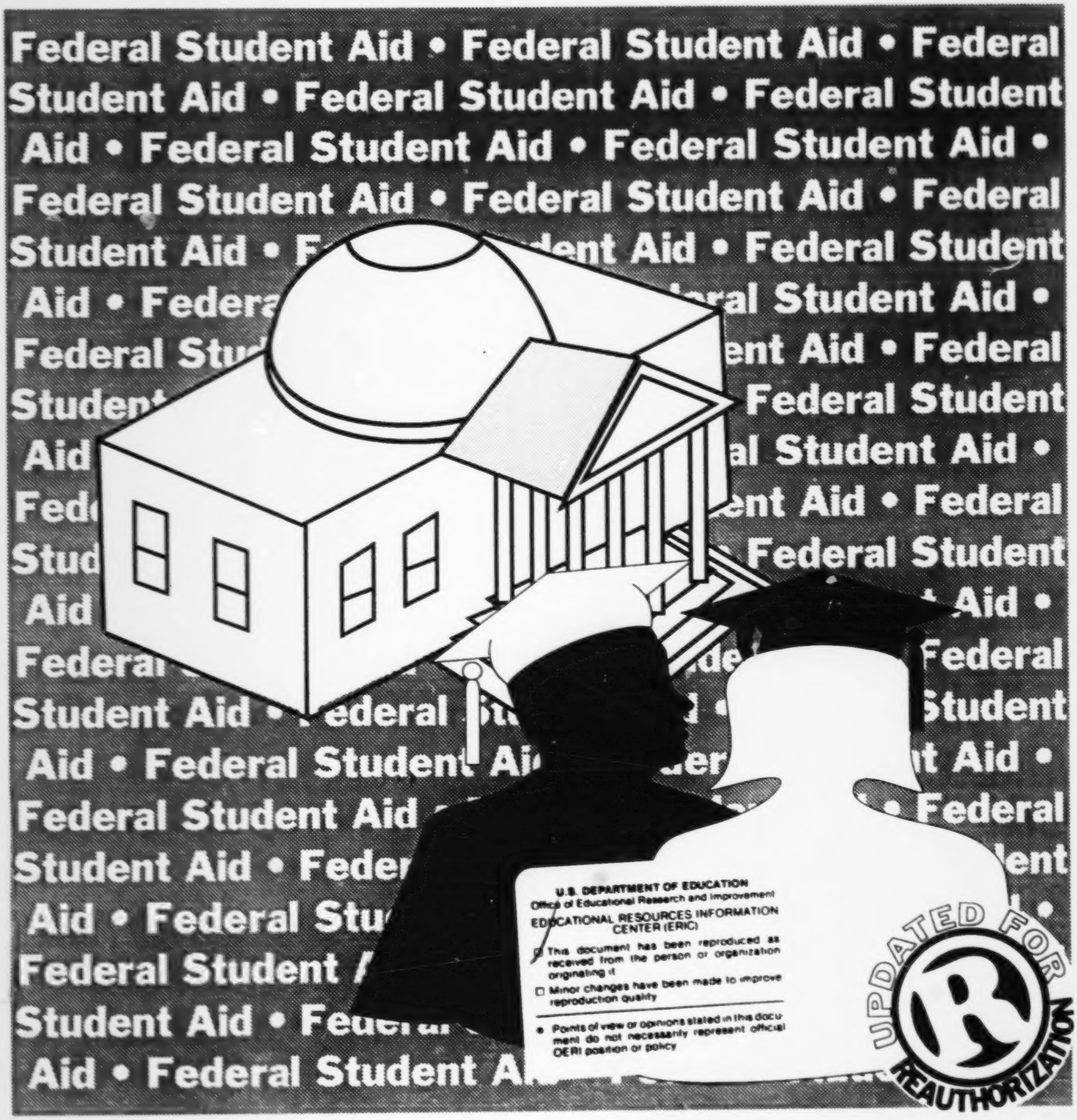
Student Financial Assistance Programs

Counselor's Handbook, 1993-94 for High Schools

ED 362 792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Introduction

The primary purpose of this *Handbook* is to help high school guidance counselors advise students in seeking financial aid for postsecondary education. Therefore, this *Handbook* provides information on sources of aid and how to apply for aid from the programs administered by the U.S. Department of Education.

We have also included supplementary materials that suggest different ways to encourage high school students to consider postsecondary education as an avenue to a more rewarding career.

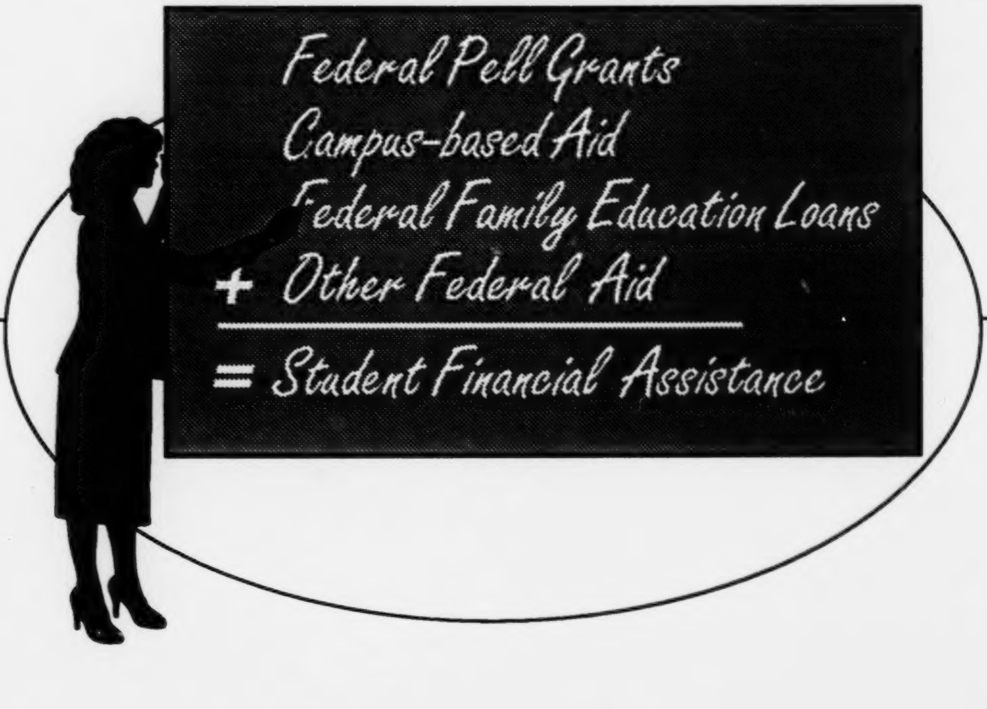
We welcome any comments or suggestions on ways to make the *Counselor's Handbook* more useful. Please send your comments to:

Development Section
USED/OPE/SFAP/PTAS/TPID
Rm. 4051, ROB-3
400 Maryland Avenue, S.W.
Washington, D.C. 20202

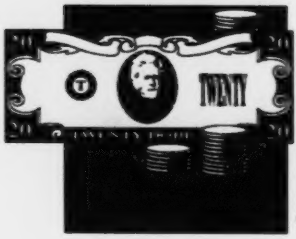
We hope that you find this publication informative and helpful.

Part I:

General Information about Postsecondary Opportunities



Federal Pell Grants
Campus-based Aid
Federal Family Education Loans
+ Other Federal Aid
= Student Financial Assistance



SOURCES OF AID

Recent studies have shown that many high school students are not aware that they may be eligible for financial aid to attend a college or a trade school. Unfortunately, many of the neediest students assume that they cannot afford to go to college to continue their education. To help students find out more about the student aid programs administered by the U.S. Department of Education (ED or the Department), be sure to give them a copy of the *Student Guide*, as well as any information offered by your state's higher education agency. The Department updates the *Student Guide* once a year and sends order forms to every high school in the United States, usually in November or December before the beginning of the award year. The *Student Guide* can also be ordered by writing to the following address:

Federal Student Aid Information Center
Box 84
Washington, D. C. 20044

The focus of this *Handbook* is the Student Financial Assistance (SFA) programs administered by the U.S. Department of Education. These programs are authorized by the Higher Education Act of 1965 (referred to as "the law") as amended. For 1993-94, the SFA programs will deliver more than **$20 billion** in aid to **5.7 million** students. This amount represents a substantial commitment by the Department to provide financial assistance for students at the postsecondary level. However, there are other important sources of aid that may be available to your students. To encourage them to find out more about other sources of aid, tell your students to check the reference section of the school or public library. You may want to suggest titles of books that you feel are particularly helpful.

The Major Federal Student Aid Programs Administered by ED

The Department administers the following major financial aid programs to help students meet the costs of postsecondary education:

FEDERAL PELL GRANTS

CAMPUS-BASED PROGRAMS

- Federal Supplemental Educational Opportunity Grants (SEOG)
- Federal Work-Study (FWS)
- Federal Perkins Loans

FEDERAL FAMILY EDUCATION LOANS

- Federal Stafford Loans
- Federal Supplemental Loans for Students (SLS)
- Federal PLUS Loans

It is customary to group these programs by type of aid: **grants** (Federal Pell and Federal SEOG) that do not have to be repaid, **loans** (Federal Perkins, Federal Stafford, Federal SLS, and Federal PLUS) that enable students to borrow money to help meet their educational costs, and **work-study** (FWS) that provides part-time jobs.

But it is also useful to think about the programs in terms of how aid is awarded and delivered to the student. **Federal Pell Grants** are awarded through strict rules set by the Department: if a student is eligible based on these rules, the school will always be able to pay the student, and will be reimbursed by the Department. In contrast, the Department allocates funds to the postsecondary schools that apply under the **campus-based** programs. The school then awards these funds to students using federal guidelines. Campus-based funds are limited, so many schools award them early. Finally, funds for the three **Federal Family Education Loan** programs are provided by banks and other lenders. The loans are guaranteed by the federal government in the event the borrower dies, becomes disabled, or fails to repay the loan. Federal Stafford Loans are made to all students who qualify based on financial need and other factors. Unsubsidized Stafford Loans are not based on need, and the student is responsible for paying all the interest on the loan. Federal Supplemental Loans for Students are available to independent undergraduate students, and to graduate or professional students. Federal PLUS loans are available to parents of dependent students. See the *Student Guide* for more information on these programs.

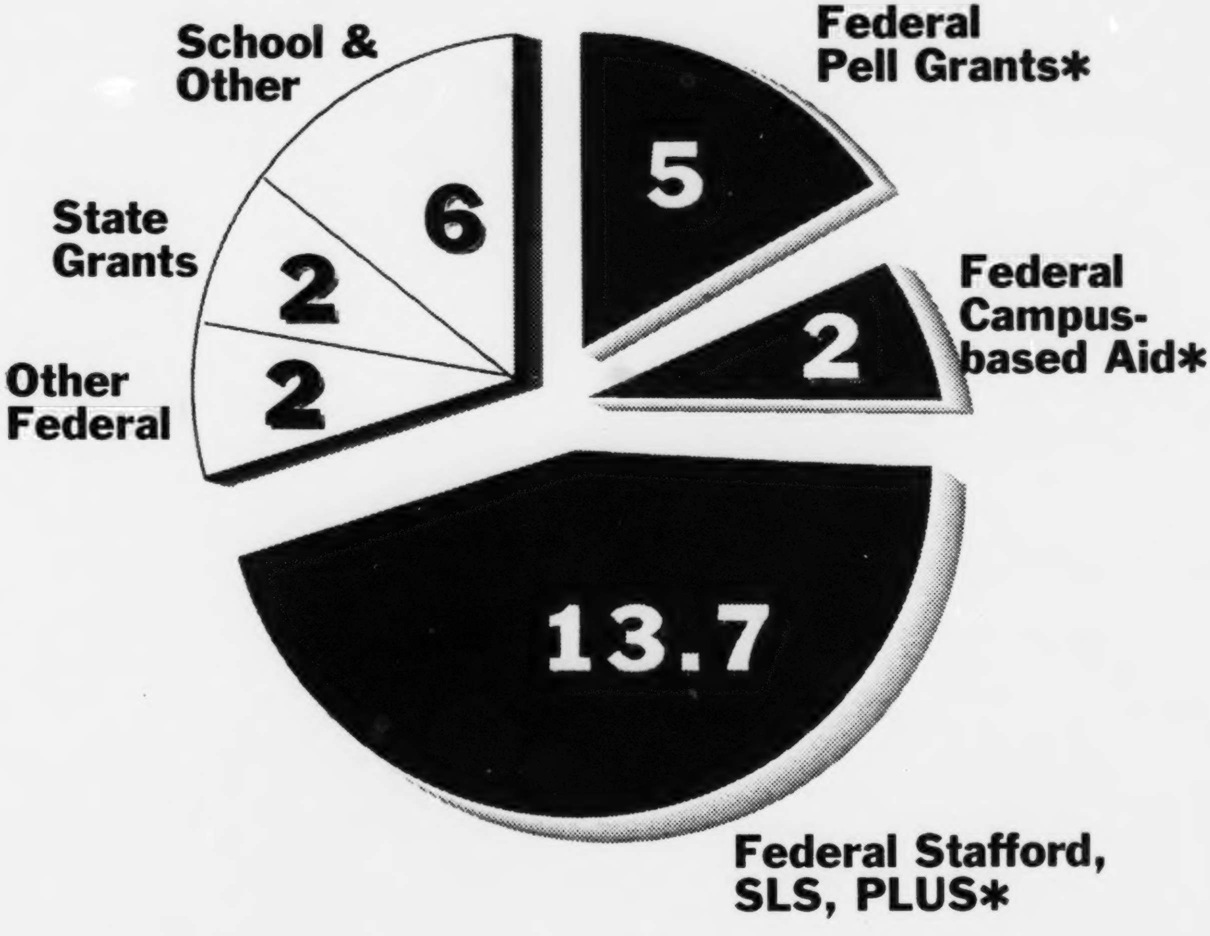
Other ED Programs

The **State Student Incentive Grant (SSIG) Program** assists states in providing grants to eligible students who attend postsecondary schools and have substantial financial need. Each state has its own name for this program and may use a percentage of its SSIG funding to provide work-study assistance through community service-learning job programs. Because of the variations in state programs, student and school inquiries about SSIG and other state grant, scholarship, and work-study assistance should be directed to the state agencies listed in **Appendix B**.

The Department provides student aid specifically for disabled persons; however, this aid is administered by state vocational rehabilitation agencies, and students must meet state eligibility criteria. This aid must be coordinated with student aid from other sources, to prevent duplication of benefits. The disabled student may receive the maximum assistance by going as early as possible to both the vocational rehabilitation agency where the student is a client and to the financial aid office at the school he or she plans to attend.

The U.S. Department of Education also provides funding to state agencies for several student aid programs that select recipients based on *academic merit*.

Sources of Aid



$ in Billions

***Nearly 70% of the student aid that is awarded each year comes from the US Department of Education programs (approximately $20.7 billion)**

The **Paul Douglas Teacher Scholarship Program (formerly called the Carl D. Perkins Scholarship Program)** is a federally-funded program that provides college scholarships to outstanding high school graduates enabling them to pursue teaching careers at the preschool, elementary school, or secondary school level. Students who graduate in the top ten percent of their high school class may apply for the scholarships, which provide up to $5,000 per year for four years of postsecondary education. Specific information on the Paul Douglas Teacher Scholarship Program in a state, including scholarship application forms and instructions, is available from the student's state grant agency. (See **Appendix B** for list of state agencies)

The **National Science Scholars Program (NSSP)** is a federally-funded program that awards scholarships to students for undergraduate study of the physical, life, and computer sciences; mathematics; or engineering at postsecondary institutions. Scholars are nominated by state nominating committees and selected by the President in consultation with the Director of the National Science Foundation and the Secretary of Education. Scholarships of up to $5,000 are awarded to outstanding graduating high school students and GED recipients for the first year of undergraduate study. A scholar who maintains eligibility may receive three or four additional awards in subsequent years depending upon the length of the undergraduate program, in order to complete his or her undergraduate course of study. Information on the NSSP, including the scholarship application process, is available from the Chief State School Officer, in the state in which the student resides, in each participating state's Department of Education.

Under the **Robert C. Byrd Honors Scholarship Program** the Secretary of Education makes available, through grants to the states, scholarships to exceptionally able students for study at postsecondary schools in order to recognize and promote student excellence and achievement. Student recipients under this program are known as "Byrd Scholars." To apply for a Byrd Scholarship, a student follows the application procedures established by the State Educational Agency (SEA) in the state in which the student resides. The SEA establishes procedures for selecting the scholars after consulting with school administrators, school boards, teachers, counselors, and parents. Students who receive scholarship assistance under the Byrd Program are awarded a scholarship each year in the amount of $1,500 (not to exceed the scholar's cost of attendance) for each of his or her first four years of study at any institution of higher education.

Other Federal Programs

The **U.S. Department of Veterans Affairs** administers a number of education and training programs for veterans, service persons, and eligible dependents.

The **Montgomery GI Bill (Active Duty)** is a program of education benefits for students who enter active duty for the first time after June 30, 1985. The student must, with certain exceptions, serve continuously on active duty for three years of a three-year enlistment or, for a lesser benefit, two years of an initial active duty obligation of less than three years. A student also may qualify for benefits by initially serving two continuous years on active duty, followed by four years of Selected Reserve service.

The **Montgomery GI Bill (Selected Reserve)** is a program of education benefits for Reservists of the armed forces as well as the Army National Guard and the Air National Guard. To be eligible for this program, a reservist must have a six-year obligation to serve in the Selected Reserve, complete Initial Active Duty for Training, have a high school diploma or its equivalent, and remain in good standing in a drilling Selected Reserve unit.

If a student has a parent who is a military veteran, the student may qualify for help from the U.S. Department of Veterans Affairs. **Educational assistance benefits** are available to spouses and children of:

- Veterans who died, or are permanently and totally disabled, as the result of a disability arising from active service in the Armed Forces;
- Veterans who died from any cause while rated permanently and totally disabled from service-connected disability;
- Service persons presently missing in action or captured in line of duty by a hostile force; or
- Service persons presently detained or interned in line of duty by a foreign government or power.

Benefits may be awarded for pursuit of associate, bachelor, or graduate degrees at colleges and universities. Courses leading to a certificate or diploma from business, technical, or vocational schools may also be taken. For further information on Veterans Benefits, students should contact the nearest U.S. Department of Veterans Affairs regional office.

The Department of Veterans Affairs administers the VA **Health Professionals Educational Assistance Programs**. One of these programs is the **Scholarship Awards program**, which provides awards on a competitive basis for undergraduate and graduate students in health care shortage categories (nursing, physical therapy, occupational therapy, and nurse anesthesia). The other program is the **Reserve Member Stipend Awards**. This program provides aid for students who are (1) in the last year of an associate degree program in nursing or (2) in either the third or fourth year of a master program in nursing, physical therapy, or occupational therapy. The reservist must also be a member of the Selected Ready Reserves, eligible for the Reserve GI Bill, and have a score above the 50th percentile on the Armed Forces Qualification Test. In return for awards from these programs, a participant is required to provide professional service for a designated period of time at a VA medical center.

DOD

Army Reserve Officers Training Corps (ROTC) is a program that provides college-trained officers for the U.S. Army, the Army National Guard, and the U.S. Army Reserve. The program is offered at hundreds of colleges and universities across the nation. Four-year scholarships are awarded on a competitive basis to students who will be entering college as freshmen. The scholarships may be worth up to $60,000, paying for most college tuition, on-campus educational fees, as well as a flat rate for textbooks, supplies, and equipment. Each scholarship also includes a grant of up to $1,000 for every year the scholarship is in effect. Application packets and information on eligibility may be obtained from: Army ROTC, Gold Quest Center, P.O. Box 3279, Warminster, PA 18974-0128 or by calling 1-800-USA-ROTC.

The **Air Force ROTC** college scholarship program is intended for high school seniors or graduates who haven't enrolled as full-time college students. The scholarship program is especially targeted to those pursuing technical degrees, four-year scholarships may be lengthened to four and a half to five years in certain academic majors and programs. **Air Force ROTC scholarships are awarded on individual merit, not on financial need.** The Air Force also offers scholarships to individuals who are already in college. These scholarships cover one to three years of a bachelor's degree program in certain engineering and science majors, as well as in other job categories. There are also scholarships for premed and preosteopath majors. Applications for Air Force ROTC may be obtained by writing to: HQ AFROTC College Scholarship Branch, Maxwell AFB, AL 36112-6663.

The **Naval Reserve Officers Training Corps (NROTC) program,** offers young men and women an opportunity to qualify for commissions in the Navy and Marine Corps while attending college. The four-year scholarship is available to students who have graduated from high school before August 1 of the year they intend to start college. Scholarships are awarded annually and are based on a competitive selection process in which consideration is given to such factors as high school class standings, college entrance test scores, extracurricular activities, and leadership qualities. Academic accomplishments in rigorous, technically demanding courses are especially noteworthy. During the student's years of college study, the Navy pays tuition, the cost of textbooks, fees of an instructional nature, and a subsistence allowance of $100 per month for a maximum of 40 academic months. Full information concerning the NROTC scholarship program is available from any college that offers NROTC.

The **U.S. Public Health Service** administers the **Nursing Student Loan Program** for undergraduate and graduate nursing students. This program is intended to assist students to achieve careers in nursing by providing long-term, low-interest loans to help meet costs of education. The Public Health Service also sponsors the **Health Professions Student Loan Program (HPSL)**, the **Health Education Assistance Loan (HEAL)** Program, the **Exceptional Financial Need Scholarship Program (EFN)**, and the program of **Financial Assistance for Disadvantaged Health Professions Students (FADHPS)**. These programs are for *graduate* students enrolled in accredited schools in the United States, Puerto Rico, or the Virgin Islands. For more information on financial assistance from the U.S. Public Health Service, please write to:

U.S. Department of Health and Human Services
Public Health Service
Health Resources and Services Administration
Bureau of Health Professions
Division of Student Assistance
5600 Fishers Lane
Rockville, Maryland 20857

Non-Federal Sources: State, Private, Institutional

Students should be encouraged to contact their **state agency** for information about **state programs**. A student might qualify for a private grant or scholarship for any of the following reasons: academic achievement, religious affiliation, ethnic or racial heritage, community activities, artistic talents, leadership potential, athletic ability, career plans, proposed field of study, or hobbies and special interests. The American Legion offers an inexpensive guide to private sources of aid called *Need a Lift?* (See **Appendix A** for address.) Other books about financial aid may be available through your school or public library.

Finally, there are **computerized scholarship search services** that will match a prospective student with sources of financial aid. These services tend to be relatively expensive, so the student or parent should consider the extent of the search being offered before committing to such a service. If someone has had problems with a scholarship search firm, he or she may contact the local Better Business Bureau or the U.S. Postal Service. Some services guarantee that the student will be eligible for at least five sources of financial aid; however, please be aware that these sources may include the major federal student aid programs that are discussed in this *Handbook* and in the *Student Guide*. Students may get a **free** copy of the *Student Guide*, either from their local school or library, or by calling the U.S. Department of Education's toll-free number, 1-800-4-FED-AID. The *Guide* describes the major student aid programs of the Department, which provide nearly 70 percent ($21 billion) of the financial aid given to postsecondary students each year.

GENERAL ELIGIBILITY REQUIREMENTS FOR STUDENT AID

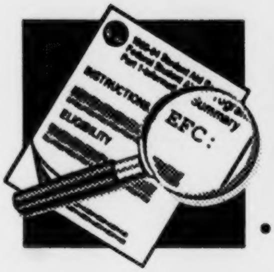
All sources of financial aid have some kind of **eligibility requirements**. Financial aid from a state usually requires that the recipient be a resident of that state. Some scholarships specify that the recipient must be enrolling in a particular field of study or have maintained a high grade point average in high school.

Eligibility for most of the federal student aid programs is based on **financial need** rather than academic achievement. The subject of financial need is quite complex. The remainder of this *Handbook* will explain how a student demonstrates need by filling out the financial aid application.

In addition to having financial need, the federal student aid programs require that the student recipient:

- Have a high school diploma, or a GED, pass an independently administered examination approved by the Department or meet state standards
- Enroll as a regular student in an eligible degree or certificate program
- Be a U.S. citizen or eligible noncitizen
- Make satisfactory academic progress
- Sign a Statement of Updated Information, Selective Service Registration Status, Educational Purpose, and Refunds and Defaults

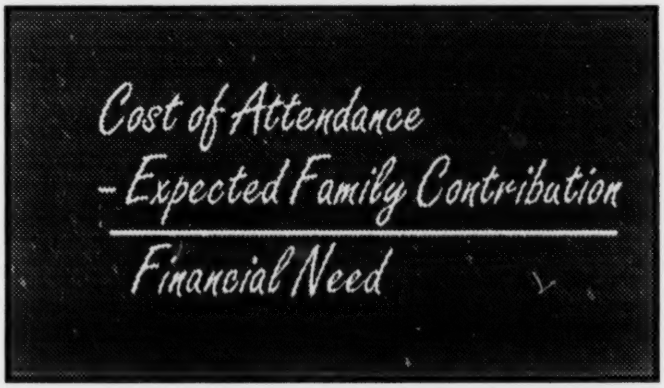
A student must enroll at least half-time to be eligible for a Federal SLS, Federal PLUS, or a Federal Stafford Loan.



DEMONSTRATING NEED

As we mentioned in the last section, a student must demonstrate **financial need** to be eligible for most federal student aid. Quantifying a family's need for financial assistance has often been controversial, but it is not a recent issue. In fact, uniform systems of need analysis were developed by the financial aid community in the 1950's, before most of the federal student aid programs had been established.

At its simplest level, a student's financial need is the difference between the student's **cost of attendance** at the school and the amount **the family can be expected to contribute to the student's education.**


Cost of Attendance
- Expected Family Contribution

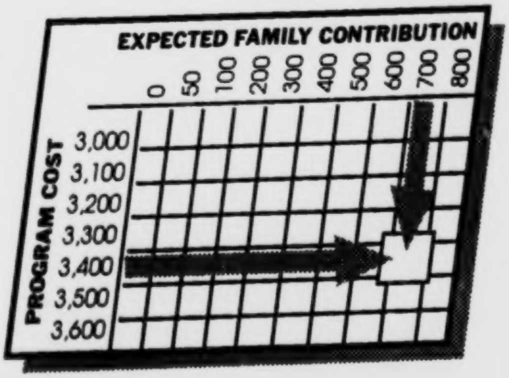
Financial Need

The financial aid administrator usually develops an average **cost of attendance** for different categories of students. Some programs of study may have lab fees or higher charges for books and supplies than other programs. Students living off-campus may have higher costs for room and board and additional transportation expenses than students living on-campus.

For the federal student aid programs, the financial aid administrator must use the definition of "cost of attendance" given in the law. The law specifies that the cost of attendance includes tuition and fees and an allowance for living expenses such as room and board, books and supplies, and transportation costs. The law also provides limited allowances for dependent care and expenses for disabled students.

The process of **need analysis** focuses on the other part of the need equation: how much can the family be reasonably expected to contribute towards the student's education? Traditionally, financial aid administrators have determined the expected contribution by collecting information about the family's income and assets, and comparing these figures with the family's expenses. The law has adopted much of the traditional approach to need analysis for the federal student aid programs. There is a single formula for federal student aid, which produces the **Expected Family Contribution (EFC)**. The EFC is used to award Federal Pell Grants, campus-based aid and Federal Stafford Loans. The EFC calculation is described in detail in *The Expected Family Contribution Formula, 1993-94* available from the Department by writing to:

Federal Student Aid Information Center
Box 84
Washington, D. C. 20044



For a Federal Pell Grant, the financial aid administrator simply looks up the cost of attendance and the EFC on a **payment schedule** to determine the award. The lower the EFC, the higher the award. A student with an EFC of 0 has maximum eligibility. A student with an EFC greater than 2100 is not eligible for a Federal Pell Grant.

The Federal Pell Grant Program is presumed to be the first source of aid to the student, so the award process for a Federal Pell Grant does not consider other sources of aid. For 1993-94, the Grant is limited to $2,300. Also note that the payment schedule does not change for students at schools with a cost of attendance of $4,000 or higher. For instance, if a student has an EFC of 0 the student's award will be $2,300 whether the student goes to a school that has a cost of attendance of $4,000 or to a school that has a cost of $8,000.

When awarding **campus-based aid** or approving a **Federal Stafford Loan**, the financial aid administrator must consider other aid available to the student, as well as the amount the family can contribute (the EFC). For instance, let's say that a student enrolls in a program whose cost of attendance is $6,000 and has an EFC of 500. Initially, the student needs $5,500 in financial aid to go to school. However, if the student receives a $2,000 Federal Pell Grant and a $1,000 outside scholarship, the student's need is reduced by $3,000. Therefore, the aid administrator can award up to $2,500 in campus-based and Federal Stafford Loan funds.

$6,000	Program Cost
-2,000	Federal Pell Grant
-1,000	Outside Scholarship
- 500	Expected Family Contribution (EFC)
$2,500	Eligibility for Campus-based aid and Federal Stafford Loans

When approving a **Federal SLS or Federal PLUS loan**, the aid administrator doesn't use the EFC figure to determine the student's or parent's need for the loan. However, the amount of the loan may not exceed the difference between the student's cost of attendance and the other aid the student is receiving. The school must consider the student's eligibility for other aid before determining the loan amount. Thus, if a student has a cost of attendance of $6,000, but is eligible for the maximum Pell Grant ($2,300) and Stafford Loan ($2,625), the aid administrator may approve the student for an SLS up to $1,075.

$6,000	Program Cost
-4,925	Other Aid
$1,075	Eligibility for SLS

In this section, we have given a simplified overview of how an aid administrator determines a student's financial need for the various federal student aid programs. Finally, using available aid federal and non-federal, the financial aid administrator puts together a financial aid package that is presented to the student in the form of an award letter. The student may accept or decline any of the financial aid offered to him or her. The process of **packaging and awarding aid** can be extremely complex, especially when the student is receiving work-study or non-institutional funds. If a student or a prospective student has questions about his or her financial aid package, these questions should be addressed to the financial aid office that prepared the package.

As we have seen, federal student aid awards are ultimately based on the student's **EFC**. Note that even though the Federal SLS and Federal PLUS programs do not use the EFC figure, the student's eligibility for a Federal Pell Grant and Federal Stafford Loan and an unsubsidized Federal Stafford Loan (based on the EFC) must be considered. Therefore, one of the first steps a student should take when seeking aid is to fill out the Free Application for Federal Student Aid (FAFSA). Unlike the admissions application, the FAFSA is sent to a processing center that is independent of the school. The student's information is entered into a computer system that calculates the student's EFC. The application process for financial aid is described in Part II of this *Handbook*.

Choosing a School Carefully

In recent years, increasing concern has been given to the default rates for the student loan programs. Studies show that many borrowers are simply unable to pay back their student loan, either because they withdrew from their educational programs, or because they were unable to find good jobs after they graduated. The choice of an educational program and a school can be critical in guaranteeing that the student is prepared for gainful employment after graduation.

Students who are seeking career training should be advised to consider the following factors before enrolling:

* ***Are opportunities in the career field expanding?***

Some careers are relatively stable, such as a computer programmer, computer systems analyst, accountant, lawyer, teacher, electrical and mechanical engineer. Others fluctuate with the economy and changes in technology. For information on career fields, suggest the student read the following publications:

Occupational Outlook Handbook published by the U.S. Department of Labor (Order from the U.S. Government Printing Office at 202-783-3238, S/N 029-001-03022)

Getting Skilled, Getting Ahead published by the Accrediting Commission for Trade and Technical Schools (formerly the National Association of Trade and Technical Schools)

Occupational Projections and Training Data by the U.S. Department of Labor

College to Career: The Guide to Job Opportunities by Joyce Slayton Mitchell

What Color Is Your Parachute? by Richard Bolles

Students should check the magazine section of your school's library for trade and professional magazines and journals in specific areas of study.

* ***Is the career compatible with the student's aptitude and interests?***

A school can be very good but still not meet a student's needs. Students should look for information about the type of education path they want to follow. The type of career a student wants will influence the type of postsecondary education he or she will need to pursue (a two-year college, four-year college or a vocational/technical school). Most colleges use admissions tests to measure a student's aptitude. The most familiar college admission tests are the Scholastic Aptitude Test (SAT), the Achievement Tests, the American College Test (ACT), and the Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test (PSAT/NMSQT). Students generally take these tests during their junior or senior year of high school.

* ***Does the school have a good reputation for training and placing its students?***

Students should check with the local Better Business Bureau, Chamber of Commerce, or consumer protection division of their State Attorney's Office to find out if there are reports of problems at the school. The Federal Student Aid Information Center has the school's most recent default rate, which is an indication of the success of the school's students—a high default rate may be a sign that the school's graduates are having difficulty finding good paying jobs. In addition, a high default rate may eventually jeopardize the school's eligibility to give its students Federal Stafford, Federal SLS or Federal PLUS loans if it has a default rate of 30% or more.

*** How many of the school's students graduate and find employment in the career for which they are trained?***

If a school advertises or tells a prospective student that it has a successful job-placement program, it must be able to provide statistics upon request that support that claim. Even if the school doesn't make job-placement claims, it doesn't hurt to ask the school about its graduation and job placement rates. It's also a good idea for the interested student to talk to recent graduates about the school's courses, its professors or instructors, even its social life and living facilities, if applicable.

Students should be encouraged to do some "comparison-shopping" before signing an enrollment contract. If there is more than one school offering training in the area, the student should visit at least two of the schools before making a decision. The student should also check to see if a local community college offers training in that field.

*** Inquire about the school's administrative procedures and academic offerings.***

What is the school's refund policy? What happens if a student registers for classes, or drops out of school within a short time after he or she starts? Are all or a portion of the educational expenses refunded to the student?

*** What type of financial aid does the school offer? Does the school participate in the U. S. Department of Education's student financial aid programs?***

Students should find out what type of financial aid is available, including information on all federal, state, local, private, and institutional financial aid programs, and the deadlines for submitting applications for these programs.

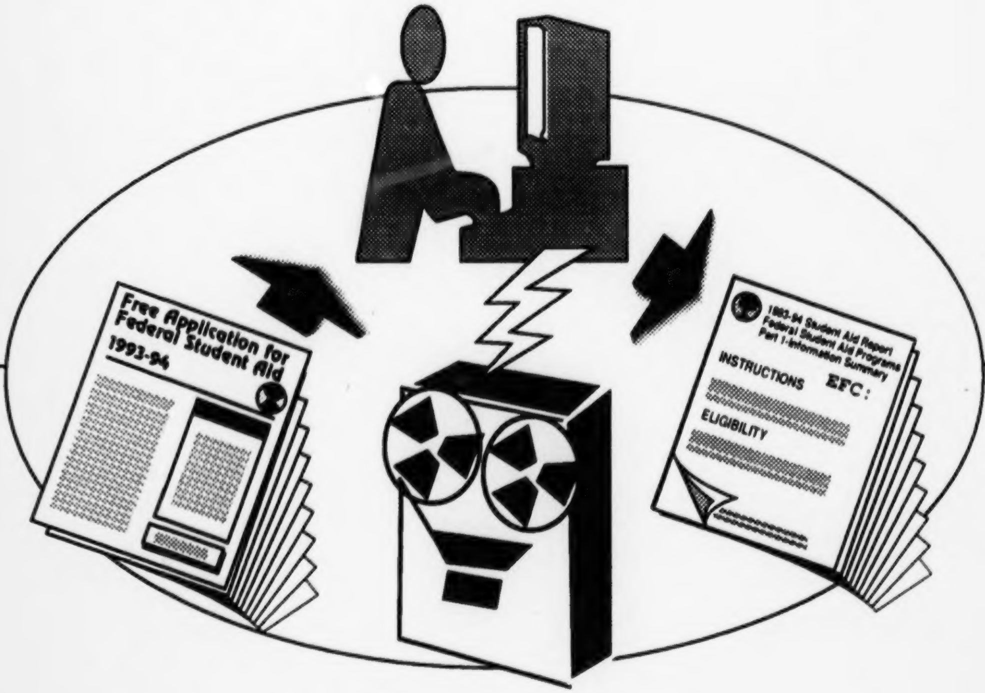
The U.S. Department of Education uses specific legislative and regulatory criteria to determine whether a school is eligible to participate in its student aid programs. Just because a school participates in the Department's student aid programs does not mean that the Department has endorsed the quality of the education the school offers. The Department does not approve a school's curriculum, policies, or administrative practices, except as they relate to how the school operates federal student aid programs. It is up to the student to check out the school.

*** The real test of any school will be how the student feels about it after a visit.***

Students should consider making an appointment to visit the school while other students are in class. This will give the student a chance to see classes in action and to talk with students in the program of interest. The student should ask himself or herself whether that school is a place he or she wants to be five days a week for six months to a year. Do the people at the school seem to want to help students learn and plan for their future?

Part II:

The Application Process for Financial Aid


Free Application for Federal Student Aid
1993-94
1993-94 Student Aid Report
Federal Student Aid Programs
Part 1-Information Summary
INSTRUCTIONS
EFC:
ELIGIBILITY

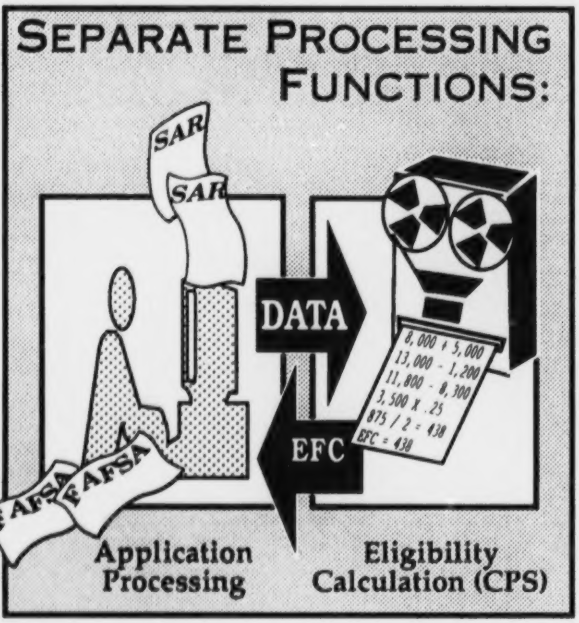
To be considered for the Federal student aid programs (such as Federal Pell Grants and Federal Family Education Loans), a student must fill out the Free Application for Federal Student Aid (FAFSA). This application collects financial and other information used to calculate **EFC** that ultimately determines the student's eligibility for aid.

The **application processing cycle** lasts 16 months. For the 1993-94 award year, application processing will begin in January of 1993, and applications for that year will be accepted until May 2, 1994. However, students who are applying for the summer or fall 1993 sessions should be advised to submit their applications as soon as possible. Many traditional schools have limited institutional aid funds that will be awarded on a "first-come, first-served" basis in the spring of 1993.

THE FEDERAL ROLE IN APPLICATION PROCESSING

Historically, standards for application processing and need analysis were developed in the 1950's by the financial aid community and independent servicers such as the College Scholarship Service and American College Testing Program. As the Federal share of need-based aid increased over the years, the law was amended to ensure that prospective students could apply for federal aid without paying a fee. The law also requires the Department to contract to the extent practicable with organizations for the processing of financial aid applications and issuing eligibility reports.

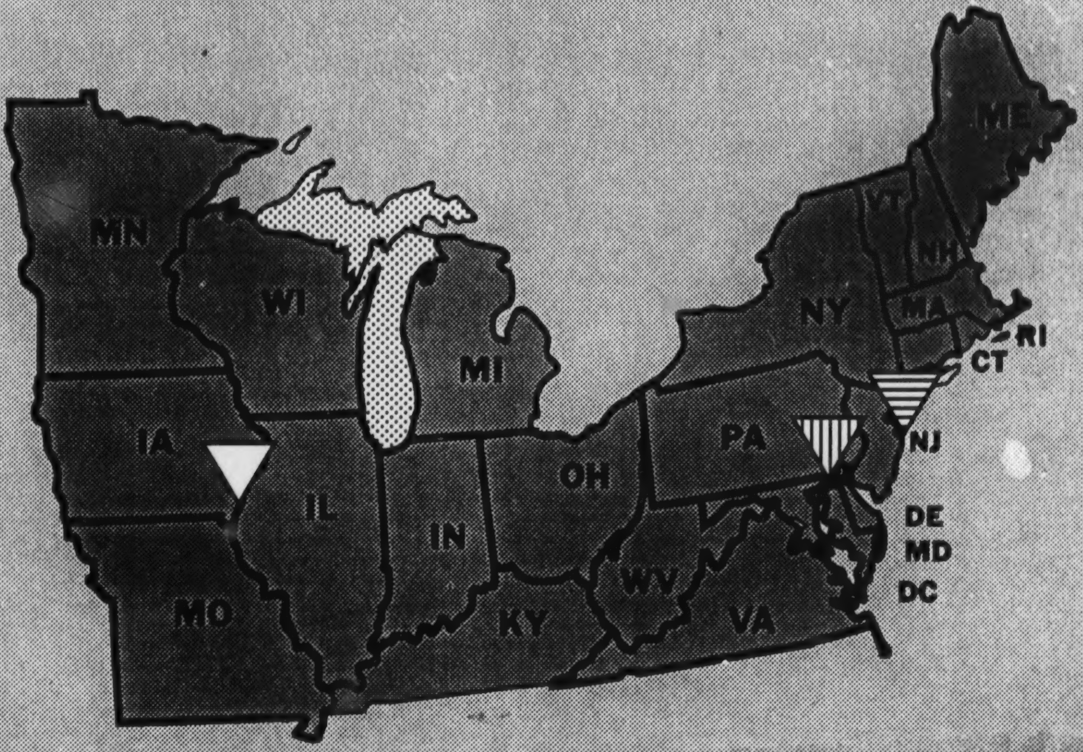
Currently, the Department contracts for two different kinds of processing services: application processing and calculation of federal student aid eligibility. There are four application processors but only one central processor for the eligibility calculation. Through contracts with other organizations, the Department has arranged for four different **application processing systems** to process the Free Application for Federal Student Aid and send the student's information to the **central processing system (CPS)**. The application processors are also responsible for printing the Student Aid Report (SAR) with the EFC calculated by the CPS.



We will refer to these application processors as **FAFSA processors** for purposes of our discussion of the federal student aid delivery system, although several of the organizations may provide other services to students and schools. One of the FAFSA processors is the Department's own application processor. We will refer to this processor as the **ED application processor**.

Application Processors

- ▽ **American College Testing, Iowa**
- ▤ **College Scholarship Service, New Jersey**
- ▽ **ED Application Processor, Iowa**
- ▥ **Pennsylvania Higher Education Assistance Authority**



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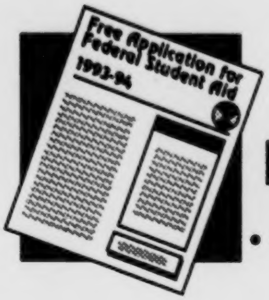
For the federal student aid programs, the end result of the application process is an EFC based on the student's complete and correct application information. After the student's application has been processed, the EFC and the student's information is printed on a SAR that is sent to the student's home address. Note that the school may also receive this information electronically or through other means, if the student has listed the school in Section G of the FAFSA. To pay the student federal student aid, the school must either receive the SAR from the student, or the EFC and application information from the federal processing system. Even if the school receives the information directly from the processing system, the student must carefully review the processed application information to make sure that it is correct.


Free Application for Federal Student Aid
1993-94

HOW TO APPLY

A student *must* apply for federal student aid by using the Free Application for Federal Student Aid. Unlike previous years, a student must complete a FAFSA even if he or she is only applying for a loan. A student does not have to pay a fee if he or she fills out only the FAFSA. However, a student may be required to fill out additional questions on a separate, nonfederal form in order to be considered for State or institutional aid, and a fee may be charged for processing these additional questions. You may wish to check with your state agency to find out if uses the FAFSA to award aid or if it requires applicants to submit additional information.

Students also may apply for aid electronically through the Electronic Data Exchange (EDE). For colleges that participate, EDE allows a financial aid administrator or the student to enter federal financial aid data using a personal computer or a mainframe system. After the financial aid administrator reviews the entered data the information is sent electronically to the CPS. The CPS in turn processes it and sends the school an **Electronic SAR (ESAR)**. Students who file using EDE should bring with them to the computer a completed paper FAFSA, copies of their income tax returns (and parent's returns, if applicable), current bank statements, and records of any stocks, bonds, and other investments.

SUBMITTING AN INITIAL APPLICATION

Students must complete the FAFSA accurately and legibly, and must send it in on time to the address specified on the FAFSA. (See the last page of this Part for a complete list of deadlines.) Please caution students that there are **NO EXCEPTIONS** to the deadlines. It is important to note that states and schools often set earlier deadlines in awarding aid from other programs, including the campus-based programs (Federal Perkins Loans, Federal Supplemental Educational Opportunity Grant, and Federal Work-Study). Students should find out their school's deadlines well in advance of applying for financial aid.

If you could give students only one piece of advice as they complete an application, it would be to **READ THE INSTRUCTIONS**. This statement cannot be overemphasized because most errors are caused by students misunderstanding what information is being requested. Students should be advised to pay special attention to questions on dependency status and income, since these areas are where most mistakes are made. Errors on the application cause delays in processing, which may mean that students who are otherwise eligible might not meet the deadline to qualify for aid.

If a student has unusual circumstances that would cause the student to be considered independent of his or her parents, the financial aid administrator at the school may choose to override the student's dependency status on the application. Students who believe that they have compelling reasons to be considered independent should contact the financial aid office before submitting the application.

It is important for the student to save all records and all other materials used in completing an application because the student may need them later if either the Department or the student's school selects the student for a process called **"verification."** This simply means that the student will have to prove that what was reported on the application is correct.

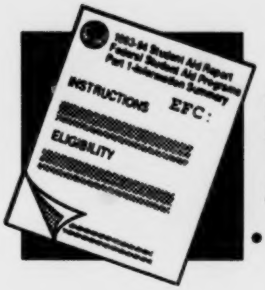
HOW THE APPLICATION IS PROCESSED

The federal CPS analyzes the information from the application and calculates an **Expected Family Contribution (EFC)** based on a formula developed by Congress to determine how much parents and students can be expected to pay toward a student's education. In essence, the EFC measures the family's financial strength, based on the income and assets of the student, the student's spouse, and, if the student is dependent, the student's parents. The EFC formula also takes into account the family's expenses, based on the number of persons in the household and the number of those persons attending college. For more information about how the EFC is calculated, see the Department's publication, *The EFC Formula, 1993-94*.

If the EFC is less than the cost of attendance, the student is considered to have **financial need**. A student who receives an EFC of 0 will receive the maximum Federal Pell Grant award. The higher the EFC, the less the student's need for Pell Grant assistance. If the student's EFC is above a maximum number determined each award year by Congress (2100 for 1993-94), the student will not receive a Pell Grant.

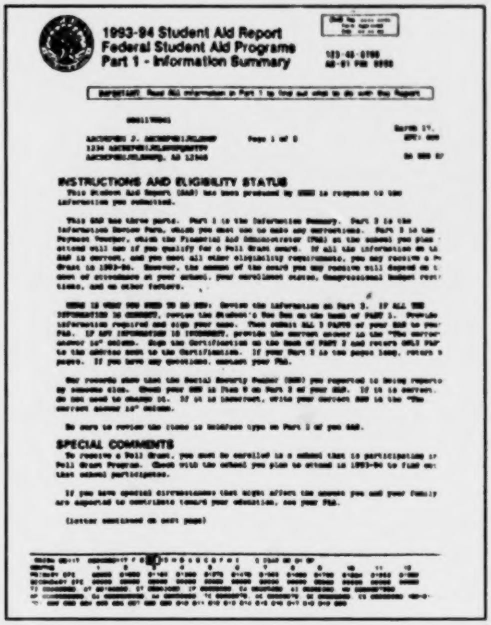
The CPS uses a series of **"edits"** to check the consistency of the student's information. For instance, it would be inconsistent for the dependent student of a single parent to report income earned from work for two parents. If the student's information is inconsistent, the CPS may be unable to calculate the EFC, or may calculate an EFC based on assumptions built into the processing system. The CPS also performs several **eligibility matches** to check the student's information against records maintained by the Department of Justice, the Immigration and Naturalization Service, and Selective Service. If a student's Social Security number matches information in records maintained by any of these agencies, it is noted on the SAR. In addition, the Department conducts a **Loan Default Match** to identify students who have defaulted on a Federal Family Education Loan or other SFA loan held by state guaranty agencies or the Department. If a student is found to be in default and has not made satisfactory arrangements to repay, he or she will receive a comment on the SAR.

The student will receive a SAR within three weeks of filing an application. (The student's school may receive this information sooner, through electronic transmission or other means, if the student listed the school's name in Section G of the FAFSA.) The SAR contains the student's EFC and comments about the student's application information. If the student has filled out another form (besides the FAFSA), the FAFSA processor may provide a nonfederal output document in addition to the SAR.


1993-94 Student Aid Report
Federal Student Aid Programs
Part 1-Information Summary
INSTRUCTIONS
EFC:
ELIGIBILITY

REVIEWING THE STUDENT AID REPORT

The SAR comes in three parts, with each part serving a different purpose. The student's eligibility status determines which parts of the SAR he or she will receive. Once the student receives the SAR, he or she should take it to the school that he or she plans to attend. Students should be reminded to submit all parts of the SAR to the school as soon as possible, so that the financial aid administrator can assemble a comprehensive financial aid package. (As noted earlier, the school may already have received this information electronically or through other means, if the student listed that school in Section G of the FAFSA.)



1993-94 Student Aid Report
Federal Student Aid Programs
Part 1 - Information Summary

INSTRUCTIONS AND ELIGIBILITY STATUS

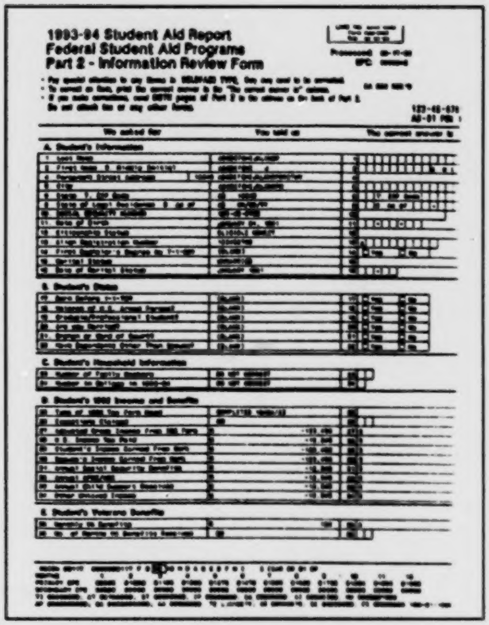
SPECIAL COMMENTS

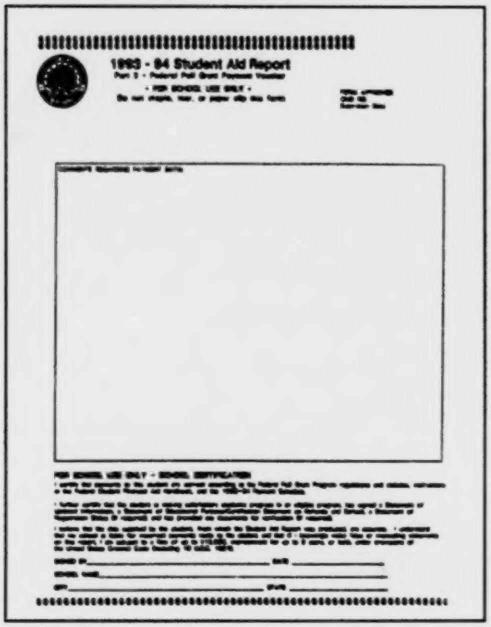
Part 1 - Information Summary

Part 1 of the SAR is the Information Summary. This part serves as an **eligibility letter to the student**. The EFC is printed on the front (at the upper right) along with an explanation of the calculation and instructions for the student. A summary of the student's information is printed on the back of Part 1 along with the certification statements to be signed by the student: the Statement of Updated Information, Statement of Educational Purpose/Certification Statement on Refunds and Default, and the Statement of Registration Status.

Part 2 - Information Review Form/ Information Request Form

The student uses the **Information Review Form** to make corrections if necessary. Part 2 has an expanded listing of the student's information under the "You told us" column, with space for the student to correct the information under the column headed "The correct answer is." Data elements that are questioned are highlighted in bold type in Part 2. Part 2 is two pages (four sides) in length if the student is dependent, one page if the student is independent. **The Information Request Form,** rather than the Review Form, is sent to the student when information provided by the student is rejected. This form provides space for the student to confirm data and provide new data. The Information Request Form *must* be completed correctly and returned to the FAFSA processor for the student to receive a Pell Grant.


1993-94 Student Aid Report
Federal Student Aid Programs
Part 2 - Information Review Form


1993 - 94 Student Aid Report

Part 3 - Federal Pell Grant Payment Voucher

If the student has an eligible EFC, Part 3 of the SAR can be used by the school to report the Pell Grant payment to the Department.

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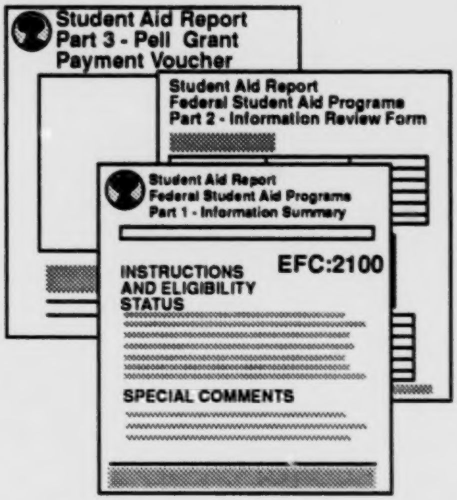
Types of Student Aid Reports

There are several different types of SARs depending on whether the student is eligible or ineligible, and whether the student's information was consistent.



Student Aid Report
Part 3 - Pell Grant
Payment Voucher

Student Aid Report
Federal Student Aid Programs
Part 2 - Information Review Form

Student Aid Report
Federal Student Aid Programs
Part 1 - Information Summary

INSTRUCTIONS AND ELIGIBILITY STATUS

EFC:2100

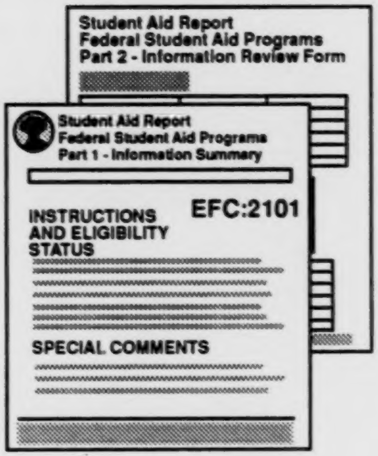
SPECIAL COMMENTS

Eligible — The PGI falls beneath the cutoff for Pell eligibility. A **EFC** of 2100 or lower means that a student may be eligible for a grant in 1993-94.

If the student has an eligible EFC, the student will receive all three parts of the SAR. However, the student will still need to make any necessary corrections on Part 2.

Ineligible — The EFC exceeds the Pell eligibility cutoff. In this case, the EFC can still be used to determine the student's eligibility for other aid.

If the student has an official EFC but is ineligible, the student will only receive Parts 1 and 2 of the SAR. (Since the student is ineligible for Pell, the Payment Voucher is not necessary.) If the student needs to make corrections, he or she must use Part 2 of the SAR.



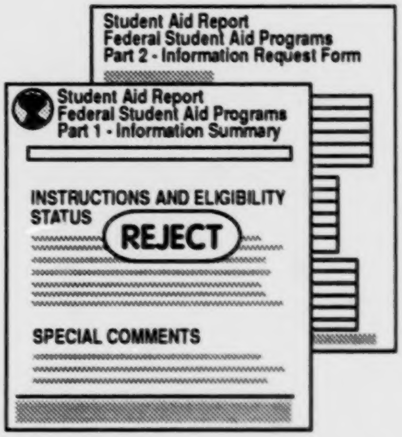
Student Aid Report
Federal Student Aid Programs
Part 2 - Information Review Form

Student Aid Report
Federal Student Aid Programs
Part 1 - Information Summary

INSTRUCTIONS AND ELIGIBILITY STATUS

EFC:2101

SPECIAL COMMENTS



Student Aid Report
Federal Student Aid Programs
Part 2 - Information Request Form

Student Aid Report
Federal Student Aid Programs
Part 1 - Information Summary

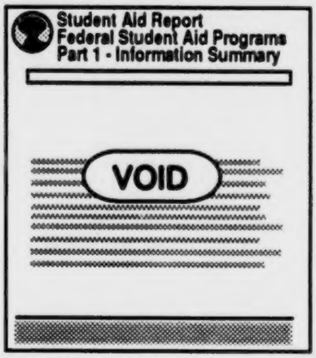
INSTRUCTIONS AND ELIGIBILITY STATUS

REJECT

SPECIAL COMMENTS

Rejected — The student must either provide missing information or correct or confirm information that is questioned before an EFC can be calculated.

If the student receives a rejected SAR (a SAR with no EFC), the student must correct the information using either Part 2 of that SAR or a Correction Application. The comments on Part 1 of the SAR will tell the student how to proceed.



Void — The student has submitted an application with virtually no information reported, or with dependency information confused, or the application was dated before January 1, 1993. It also results from filing more than one FAFSA.

If the student receives a void SAR after filing an initial FAFSA, the processor will send the student an Information Summary (Part 1 of the SAR) and a Correction Application. The student must complete the Correction Application and send it to the FAFSA processor. A SAR will be generated and sent to the student.

If the void SAR is the result of filing more than one FAFSA, the student should be reminded to use the SAR from the first application to make any further changes. If the student has lost the SAR, he or she should request a duplicate. (See **Appendix A** for instructions on requesting a duplicate SAR.)

If the student's information has minor inconsistencies, the CPS may be able to make **assumptions** to calculate an official EFC. In this case, the CPS will transmit information to the FAFSA processor, which in turn will send the student Parts 1 and 2 of the SAR. The inconsistent information will be highlighted on Part 2. The student is asked to review this information carefully for errors before submitting the SAR to the financial aid office. The processor will include Part 3 of the SAR (the Payment Voucher) for those students who have an eligible EFC.

Verification

The effectiveness of the Federal student financial aid programs depends, in large part, on the **accuracy of the data** reported by students. The accuracy of data directly affects the eligibility of millions of applicants for these programs. The financial aid administrator may check the information the student reported on the financial aid application, usually by requesting a copy of the tax returns filed by the student and, if applicable, the student's spouse and parent(s). Many schools conduct their own form of verification. In addition, schools must verify students selected through the Federal central processing system, following the procedures established by regulation. The FAFSA processor will print an asterisk next to the EFC on the SAR to identify students who have been selected for verification.

MAKING CHANGES

There are situations where the student will have to change information that was reported on the application. Usually, this consists of correcting errors on the Student Aid Report, or updating certain items.

Corrections

When a student files a FAFSA, it creates a "snapshot" of the financial situation of the student's family as of the date the application was signed. However, errors may occur because the student filled in the wrong information on an application or the information was entered incorrectly at the application processor. A student may use the SAR to correct most application errors on an initial application. At some schools, the student may be able to make changes through the Electronic Data Exchange (EDE) — have the student contact the school to find out if it participates in EDE. (Note: EDE is an electronic process by which a financial aid office can make corrections to application data, and print a valid ESAR using a computer and a modem.)

For instance, a dependent student reports $20,000 of taxed income for her parents on a FAFSA filed on March 10, 1993. While reviewing her SAR, she notices that she used her parents' total taxed income from the tax return, rather than the adjusted gross income figure, which was $17,000. Since the correct amount was $17,000, the student may make this correction to this item on Part 2 of the SAR, under the column headed "The correct answer is," and return it to the processor that printed the SAR:

27. Adjusted Gross Income from IRS Form	$ 20,000	27	$ $17,000 .00

However, the student may not *update* income or asset information to reflect changes to her family's financial situation that took place after the initial application. For example, if the same student's family sold some of their stock on June 1st, the student may not update her information to show a reduction in the family's assets. (Nor would she have to update to report the income from the sale.)

Updating Information

As noted previously, most of the information on the FAFSA may not be updated to reflect changes after the application has been filed. However, there are three items that a student *must* update if the information reported on the regular FAFSA changes for a reason other than a change in marital status:

▼ **Dependency Status.** Because the SAR is formatted differently for dependent and independent students, it cannot be used to change dependency status. All dependency status changes made *during the award year* must be reported by using a Correction FAFSA or the Electronic Data Exchange (EDE).

▼ **Number of family members (household size).** The student may use the SAR or the EDE to report a change in household size. Household size must be updated to be accurate as of the date the student submits the SAR to the school—or the date verification is completed, if the student is being verified.

▼ **Number of college students.** The student may use the SAR or the EDE to report a change in the number of family members who are attending postsecondary school. The number in college must be updated to be accurate as of the date the student submits the SAR to the school—or the date verification is completed, if the student is being verified.

Dependency Overrides

Sometimes a student has special circumstances that justify overriding the dependency status determined in Section B of the FAFSA. The student should contact the financial aid office at the school he or she plans to attend, so the financial aid administrator may decide whether or not to override the student's dependency status.

Correction FAFSA

We've mentioned that the Correction FAFSA must be used to update dependency status, or when the student has received a "void" or "rejected" SAR. Note that the Correction FAFSA is considered a completely new application, separate from the original application.

If the student has previously filed an application, the Correction FAFSA will update the family's financial situation—the student must answer all of the questions on the Correction FAFSA based on the family's situation on the day the Correction FAFSA is signed. In essence, then, all of the student's information is updated to the time of application on a Correction FAFSA.

Adding a School

If the student wants to be sure that his or her application information is sent to an additional school after filing a FAFSA, the student may correct the SAR to add the new school.

Changing Application Processing Systems

There's another kind of change a student may want to make, that has nothing to do with corrections or updating. If a student is applying at several schools that require information from nonfederal applications for *State aid or for their own aid*, the school may require the student to use a particular FAFSA processor for that aid. The student may send a letter to the new FAFSA processor requesting a duplicate SAR, or, if appropriate, request a duplicate SAR or add the name of a school that the student did not previously list in Section G of the FAFSA. (However, remember that the student may submit a valid SAR from *any* processor if the student wants to apply for federal student aid only.)

REFERENCE CHART:

filing a financial aid application

To apply for federal student aid ... **... fill out a FAFSA or an Electronic Application**	Prospective students who are applying for the first time in the award year should fill out the Free Application for Federal Student Aid (FAFSA), and send it to the processor identified on the accompanying envelope. At some schools, students may be able to file an Electronic Application using a computer terminal.
To apply for the first time , using dependency override ... **... aid administrator must authorize override on FAFSA**	If it appears that the applicant should be considered an independent student because of special circumstances, the financial aid administrator has the authority to approve a dependency override on the FAFSA.
To correct application information ... **... use Part 2 of SAR, or EDE**	If the applicant discovers errors on the SAR, he or she must correct those errors on Part 2 of the SAR and return it to the MDE that printed the SAR. (Corrections also can be made electronically through EDE.) The information on the SAR may only be corrected to what was accurate on the date the application was signed. Only dependency status, household size, and number in postsecondary education can be updated after the date of application (see below).
To update household size or number in postsecondary education ... **... use Part 2 of SAR, or EDE**	A student must update household size and number in postsecondary education if that information changes during the school year, unless the change was the result of a change in marital status. This information may be updated by using Part 2 of the SAR (or the electronic SAR, if the school uses the EDE system).
To update dependency status ... **... use Correction FAFSA or Electronic Application**	A student must update his or her dependency status if it changes after the student first files the FAFSA. (However, dependency status may not be updated if it changed because of a change in marital status.) Dependency status can only be changed by completing a Correction FAFSA and sending it to one of the FAFSA processors, or by using an Electronic Application.
To override dependency status after first application ... **... aid administrator must authorize override on Correction FAFSA or Electronic Application**	If an applicant has already filed an application, but the financial aid administrator determines that he or she should be considered an independent student because of special circumstances, the administrator may override the dependency status by using a Correction FAFSA or an Electronic Application.
If the family has special circumstances ... **... aid administrator may make individual adjustments**	If the aid administrator believes that the family's circumstances warrant a change in the need assessment, the aid administrator may use his or her professional judgment to adjust the student's cost of education or the EFC calculation.

93-94 Application Deadlines

◆

A regular **financial aid application** (or a Correction FAFSA filed as a first-time application) must be received by the application processor no later than May 2, 1994.

◆

If the student files a **Correction FAFSA** after filing an initial application, the Correction FAFSA must be received by the application processor no later than August 1, 1994.

◆

If the student needs to make **SAR corrections**, the SAR must be received be received by the application processor no later than August 1, 1994.

◆

A student may request a **duplicate SAR** by telephone or in writing through August 1st.

◆

To establish eligibility for a Federal Pell Grant, the student must either **submit a valid SAR** to the school's financial aid office or **certify his or her final, correct application information*** while he or she is still enrolled for that award year, but no later than June 30, 1994.

◆

A student whose application information is being **verified** may be given up to 60 days after his or her last day of enrollment to submit the Student Aid Report to the school or certify the application information.* However, the verification extension cannot extend beyond August 29, 1994.

**Application information from the federal Central Processing System that the school receives in the form of a paper roster or prints out from an electronic tape, cartridge, or the Electronic Data Exchange. To establish eligibility for a Federal Pell Grant, the student must sign the final, correct application information on the printout by the relevant deadline date above. The school may set an earlier deadline for students to submit paperwork for initial application or changes to be made through the Electronic Data Exchange.*

Part III:

Filling Out the Free Application for Federal Student Aid

As mentioned earlier, in Part II of this *Handbook*, the student does not have to pay a fee for filling out the Free Application for Federal Student Aid (FAFSA). Information collected on this application is required by law to be used to calculate the EFC. The FAFSA is developed by the Department in conjunction with other agencies. Comments on the design of the form are solicited from the public every January. Comments may be sent to:

Applicant Systems Division
U.S. Department of Education
ROB-3, Room 5012
7th & D Streets, S.W.
Washington, D.C. 20202*

The instructions on the application explain how each question is to be answered. However, due to limited space, the instructions cannot address every possible family situation. In the following pages, we will discuss the purpose of the application questions, and discuss how information should be reported in some unusual cases.

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* Please note, however, that much of the information collected on the application is specified by law, and is needed to compute the Expected Family Contribution. Therefore, any comments should take into account the requirements of Section 474 of Title IV of the Higher Education Act of 1965, as amended.

SECTION A “YOURSELF”

***Purpose:** The FAFSA collects identifying information that is used to track the student (name, social security number, address, etc.), and other information that affects the student's basic eligibility. For instance, Section A includes a question about citizenship status because the student must be a U.S. citizen or eligible noncitizen to receive aid from the Department's programs. Similarly, a student who has a bachelor's degree is ineligible to receive a Federal Pell Grant.*

The student must give a **home mailing address** (rather than a school or office address). However, students who are incarcerated should use a school address. The student's **state of legal residence** identifies the agency to which information will be sent if the student has authorized such a release in Section G of the form. The student's state is also used to determine the appropriate state and other tax allowance in the EFC calculation. For a dependent student, the state of legal residence is usually the state in which his or her parents live.

If the student fills out a FAFSA and omits his or her **Social Security number**, it will not be processed. If the student does not have a Social Security number, or cannot find it, he or she must contact his or her local Social Security office.

A student's marital status affects the treatment of his or her income and assets in the EFC calculation. Marital status cannot be projected—the student must report his or her marital status on the date of application.

The FAFSA asks if the student will have his or her first **bachelor's degree before July 1, 1993** because eligibility for the Pell Grant and SEOG programs is restricted to undergraduate students. If the student answers "yes" to this question, a message saying a bachelor's degree has been received will be printed at the top of page one of the SAR.

SECTION B

“STUDENT STATUS”

Purpose: The questions in Section B determine whether the student is considered a dependent or an independent student under the law. This is often the most important section of the FAFSA for purposes of need analysis. A student who files as an independent student does not report parental information on the FAFSA. The financial aid administrator may override the student's dependency status in individual cases if he or she decides that the student should be considered independent, regardless of the answers to the questions in Section B.

Independent Student Definition

A student is automatically considered independent if he or she meets at least one of the following criteria:

- The student is at least 24 years old by December 31st of the award year;
- The student is a veteran of the U. S. Armed Forces;
- The student is a graduate or professional student;
- The student is married;
- Both of the student's parents are dead, or the student is a ward of the court;
- The student has legal dependents other than a spouse.

The instructions explain each of these criteria in greater detail. A student meeting one of these criteria is considered independent even if the student is still living with his or her parents. However, note that an incarcerated student is not considered a "ward of the court" solely based on incarceration.

Definition of "Parent"

The term "parent" is not restricted to the student's natural parents. There are several instances in which a person other than the student's natural parents acts as the student's parent. If this person is considered a parent to the student, then the Student Status questions in Section B of the application must be answered as they apply to that person, in the same ways they would be answered for a natural parent.

Adoptive Parent. Treated in the same manner as natural parents.

Foster Parent. Is not treated as a parent of the student.

Legal Guardian. Is treated in the same manner as a natural parent, if he or she has been appointed by the court and has been specifically required by the court to use his or her financial resources to support the student.

Stepparent. The stepparent's information is reported if the stepparent is married to the student's responsible natural parent or if the student has been legally adopted by the stepparent. If the natural parent has died and the stepparent survives, then the student is independent (assuming the student is not dependent on the surviving natural parent), unless the stepparent legally adopted the student. Note that the stepparent's income information from a prior year would be reported even if the parent and stepparent were not married until later.

In cases of death, separation, or divorce, the student must answer the parental questions on the FAFSA as they apply to the surviving or responsible parent.

Death of Parent. If one, but not both, of the student's parents has died, the student would only answer the dependency questions for the surviving parent, and would not report any financial information for the deceased parent on the FAFSA. If both the student's parents are dead when the student fills out the FAFSA, the student must answer "yes" to Question 10e, making the student independent. If the last surviving parent dies after the student fills out the application, the student must file a Correction FAFSA.

Divorce of Parents. When the student's parents have divorced or separated, only one parent's financial information is reported on the application. The rules for determining the "responsible parent," based on residency and support, are included in the application instructions.

Separation of Parents. If a separation has occurred, the same rules as for a divorce should be used to determine which parent's information must be reported. The separation need not be a legal separation — the student's parents may consider themselves separated when one of the parents has left the household for an indefinite period of time, and no longer makes a substantial contribution to the finances of the household. However, if the parents still live in the same house, they would not be considered to be separated, and information for both parents must be reported. (If the parents report that they are separated but living together, the financial aid administrator should check with the appropriate state agency concerning common law marriages. If the state doesn't consider the situation to be a common law marriage, then the parents should file as separated.)

Common Law Marriage. If the student's parents have not been formally married, but meet the criteria in their state for a common-law marriage, they should report their status as married on the application.

After Section B, the form divides into parental information and student/spouse information. An independent student is not required to fill out parental information.

SECTION C

"HOUSEHOLD INFORMATION"

Purpose: *The number of family members reported in Section C determines the amount of the family size offset and maintenance allowance that will be subtracted from the family's income to account for basic living expenses. In addition, if more than one family member is in college at the same time, the contribution the family is expected to make for each student is reduced. Family size and marital status also affect the treatment of income and assets in the EFC calculation.*

Household Size

The following persons may be included in the household size of the *dependent* student:

1. The *student*
2. The *student's parent(s),* excluding a parent not living in the household as a result of death, separation, or divorce
3. The *student's siblings,* if they received or will receive more than half of their support* from the student's parent(s) between July 1, 1993 and June 30, 1994
4. The *student's children,* if they received or will receive more than half of their support from the student's parent(s) between July 1, 1993 and June 30, 1994
5. The student's parent's *unborn child* and/or the student's unborn child, if that child will be born before or during the award year (July 1, 1993 through June 30, 1994) and the student's parents will provide more than half of the child's support from the projected date of birth until the end of the award year

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* If a sibling would be considered dependent for the purposes of applying for federal student aid, he or she can be included in household size, regardless of whether more than half of his or her support is provided by the student's parents.

6. *Other persons,* if they live with and receive more than one-half of their support from the student's parent(s) at the time of application and will continue to receive that support for the entire 1993-94 award year (July 1, 1993 through June 30, 1994)

The following persons may be included in the household size of the *independent* student:

1. The *student*

2. The *student's spouse,* excluding a spouse not living in the household as a result of death, separation, or divorce

3. The *student's dependent children,* if they received or will receive more than half of their support from the student's household between July 1, 1993 and June 30, 1994

4. The *student's unborn child,* if that child will be born before or during the award year and the student's household will provide more than half of the child's support from the projected date of birth to the end of the award year

5. *Other persons,* if they live with the student and receive more than one-half of their support from the student's household at the time of application and will continue to receive that support for the entire 1993-94 award year (July 1, 1993 through June 30, 1994)

For the purpose of including children in household size, the "support" test is used (rather than residency), because there may be situations in which a parent supports a child who does not live with the parent, especially in cases where the parent is divorced or separated. In such cases, the parent who provides more than half of the child's support may claim the child in household size. If the parent receives benefits (such as Social Security or AFDC payments) in the child's name, these benefits may be counted as parental support to the child.

Financial information for a stepparent should be reported on the form, and the stepparent should be included in household size.

If a student, spouse or parent is pregnant at the time an application is filed, the expected child may be included in household size. If there is a medical determination that twins are expected, both expected children can be included.

Number in College

The number in college includes all those in household size who are attending a postsecondary educational institution at least half-time. To be considered a postsecondary educational institution for this purpose, the institution must be licensed by its state agency or be accredited by a nationally recognized accrediting agency.

SECTION D

“1992 INCOME, EARNINGS, AND BENEFITS”

Purpose: *The EFC calculation compares the family's income from this section to the family's household size and other expenses, to determine if the family has any discretionary income. If the family does have discretionary income, only a portion of that income is expected to be contributed towards the student's educational costs. Note that the "income earned from work" items are used to determine if the student is entitled to an employment expense offset.*

Section D collects information on the *base year income* of the parents (if the student is dependent) and of the student and spouse, as well as income tax paid, tax filing status and the number of exemptions claimed. The base year for applicants in 1993-94 is the 1992 tax year. Estimated base year income for the tax year may be used if the family has not yet filed its 1992 tax return. However, if it turns out that the estimated information is incorrect, the student must make corrections on the Student Aid Report when the tax return is filed.

Foreign Income

Income earned in a foreign country is treated in the same way as income earned in the United States, if taxes were paid to the central government of that country. The student should report the value of the foreign income in U.S. dollars (using the exchange rate at the time of application), on the "income from IRS Form" line item and the "income earned from work" line item.

The student should also include the value of taxes paid to the foreign government on the "U.S. income tax paid" line item. (If the income earned in the foreign country was not taxed by that country, it should be reported as untaxed income.)

> *Form 2555.* In many cases, if the student or parent files a return with the Internal Revenue Service for a year in which foreign income was earned, a portion of the foreign income can be excluded, on a Form 2555, for tax purposes. The figure reported on Line 39 of the Form 2555 should be reported as "untaxed income" on the financial aid application. The final total for the Form 2555 (Line 46) must not be reported as untaxed income, because it contains other exclusions.

Income earned from work

The line items for income earned from work for the father and mother are used to calculate the employment expense offset. They are only used in the income assessment if no Adjusted Gross Income was reported on the application.

Untaxed income and benefits

Under "untaxed income and benefits," separate line items are provided for Social Security benefits, AFDC payments, and child support because these are the most common forms of untaxed income and benefits. Note that if Social Security benefits are paid to the parents on behalf of the student (because the student was under 18 years old at the time), those benefits are reported as the parent's income, not the student's income. If the Social Security check was made payable to the student, it would be reported as the student's income.

Students must be sure that Line 23d, the "other untaxed income and benefits," does not include any of the Social Security or AFDC benefits already reported in previous line items.

The line items for "untaxed income and benefits" are also used to report any benefits received by the student and parents that are not reported elsewhere on the form. Any cash support received from a family member or third party should also be reported as untaxed income. In some cases, the value of housing or payments on behalf of the student must be reported.

Income exclusions on IRS form. Two examples of this are the untaxed portion of capital gains, and the interest and dividend exclusion. Both must be reported on the application for financial aid purposes, because they represent additional financial resources available to the family, even though they are not taxed as a matter of public policy.

Earned Income Credit. The "Payments" section on the IRS forms includes an earned income credit, which is a potential source of income that must be reported on the application.

IRA/Keogh, pensions and insurance settlements. If the family is eligible to exclude its payments to an IRA/Keogh from taxation, those payments are reported as untaxed income. If payments to other pension funds are not excluded for tax purposes, they would already be included in the "income from IRS form" figure. A student should report money paid into tax-sheltered or deferred annuities (paid directly or withheld from earnings). In addition, any payments from a pension, annuity, or insurance settlement must be reported on the application, either as taxable income, or untaxed income, as appropriate. The full amount of the distribution must be reported, whether it was a lump-sum or an annual distribution. The only exception to reporting pension distributions as income is when the pension distribution is "rolled over" to another retirement plan in the same tax year.

Benefits received on behalf of dependents. Any benefits received by the head of household on behalf of persons included in household size (Section C) must be reported as income to the head of the household. However, if members of the household, such as an aunt or grandmother, receive benefits in their own names, those benefits are not reported as income of the head of household. Remember that siblings of the student and "other persons" may not be included in household size if they receive in their own home more than half of their support through such benefits.

Underpayments and overpayments of benefits. The actual amount of benefits received for the year in question must be reported, even if that amount represents an underpayment or an overpayment that may be compensated for in the next year. This parallels the IRS treatment of overpayments of taxable income (such as salary) which must be reported and is taxed as any other income. However, if the underpayment or overpayment was adjusted in the same year, only the net amount received during that year would be reported.

Cash support to student. Any cash support that the student receives from a friend or a relative (other than the parent, if the student is dependent) must be reported as untaxed income. Cash support includes payments made on behalf of the student. For instance, if the student's uncle pays the student's rent or utility bill, the student must report those payments as untaxed income on the application.

Housing allowances. Housing allowances provided to the parents or student must be reported under "untaxed income and benefits." This applies to compensation that some people, particularly clergy and military personnel, receive for their jobs. If the parent or student receives money to pay for rent, he or she should list the amount of money received. If the parent receives use of a house or apartment, he or she should report the amount that he or she would pay to rent a comparable house or apartment (market value). Similarly, if the student received free room and board in the base year for a job that was not awarded as student financial aid, the student must report the value of the room and board as untaxed income.

Excluded forms of income

There are some cases in which income and benefits received by the student or parent should not be reported on the application:

Student financial assistance. With the exception of veterans educational and compensatory benefits, student financial assistance is not reported on the application, because such assistance does not affect the Federal Pell Grant, and is already taken into account as a resource for the campus-based programs.

Work-study earnings. Ordinarily, earnings from work are reported as income on the financial aid application. However, if those earnings are part of a financial aid package and are intended as financial assistance to the student, they are not reported as income.

Subsidized housing. Rent subsidies paid by governmental and charitable organizations for low-income housing are not reported as untaxed income.

Forced sale proceeds. Income received from the sale of farm or business assets should not be reported if the sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy, or an involuntary liquidation.

Food Stamps. Food stamps are not counted as income, but are regarded as "in-kind" assistance. Similarly, benefits from the following programs are not counted as untaxed income: Women, Infants, and Children Program, Food Distribution Program, Commodity Supplemental Food Program, National School Lunch and School Breakfast Programs, Summer Food Service Program, and Special Milk Program for Children.

Child care benefits. The worth of day care services provided by the Child Care Program, and the Social Services Block Grant Programs should not be reported because they are a form of in-kind income. (NOTE: The Department of Health and Human Services provides reimbursement for child care expenses incurred by workfare recipients through AFDC. These benefits **are** reported on the application because the individual bills the State for the amount of child care costs incurred while on workfare, and is reimbursed on that basis.)

Per capita payments to Native Americans. Per capita payments should not be reported unless they exceed $2,000. These are payments made by the tribal government. Thus, if an individual payment was $1,500, it would not be reported on an application. However, if the payment was $2,500, only the amount that exceeds $2,000 would be reported as untaxed income ($500).

Heating/fuel assistance. Exclude from consideration as income or resources any payments or allowances under the Low Income Home Energy Assistance Act. (NOTE: payments under the Low Income Home Energy Assistance (LIHEA) Act are made through state programs that may have different names.)

6 QUESTIONS ABOUT REPORTING INCOME

These are some of the most common questions about reporting income that are received at the Department's toll-free Federal Student Aid Information Center, as collected by Ms. Cissy Van Sickle.

"Why do you ask for income information from the year before the student goes to school?"

A: Studies have consistently shown that verifiable income tax information from the base year (1992 for the 1993-94 award year) is more accurate than projected (1993) information when estimating how much the family will be able to contribute during the coming school year.

"What should the student do if the family has special circumstances that aren't mentioned in the application?"

A: Talk to the financial aid administrator. If the family's circumstances have changed from the base year (1992) due to loss of employment, loss of benefits, or death or divorce, the financial aid administrator may decide to adjust the EFC figure based on special circumstances, which may increase the student's eligibility for campus-based aid and the Federal Family Education Loans.

"If the student lives with an aunt or grandparent should that relative's income be reported instead of parental information ?"

A: Only if the relative is the student's legal guardian, as defined on the application. The student can only be considered to be dependent on his or her parent(s) or guardian, and only parental/guardian information may be reported on the application. Any cash support given by relatives must be reported as untaxed income, but in-kind support (such as food and housing) from relatives is not reported.

"What if the student lives with a girlfriend or boyfriend who pays the rent?"

A: The student should not report any information for a friend or roommate unless they are actually married or are considered to have a common-law marriage under state law. The student must report any cash support given by the friend as untaxed income, but in-kind support (such as food) from the friend is not reported. Note that the student would have to report the rent paid by the roommate as income if the student's name was on the lease, but the roommate was paying the rent on the student's behalf.

"When is work considered student aid?"

A: Generally, grants and scholarships are not considered to be taxed or untaxed income, and are not reported on the application. (The only exception is veterans' educational benefits.) If the student has an ROTC scholarship, a Betty Crocker Scholarship, or any other kind of grant or scholarship, that scholarship or grant will be considered as an available resource by the financial aid office when *packaging* aid, but will not be reported as income on the application.

In some cases, the student may have a job that was awarded as financial aid. The income from that job should not be reported on the application. If the student's adjusted gross income (AGI) and taxes paid include income earned through a student financial aid program, that income must be subtracted from the AGI and taxes paid before they are reported on the application.

For income to be excluded from the financial aid application, the job has to have been awarded to the student based on financial need. Thus, if the financial aid office gave the student a Stay-In-School job or a job as a Resident Advisor as a part of the student's aid package, the income from that job would not be reported on the application. On the other hand, if the student got a job that was not awarded as part of the financial aid package, the income from that job would be reported on the application.

"What's the difference between cash support and in-kind support?"

A: Cash support is support given either in the form of money, or money that is paid on behalf of the student. Cash support must be reported as untaxed income on the application. Thus, if a friend or relative gives the student grocery money, it must be reported as untaxed income. If the friend or relative pays the electric bill for the student, or part of the student's rent, those payments must also be reported.

In-kind support usually takes the form of free food or housing that is provided to the family, and is usually not reported on the application. So if the student is living rent-free with a friend or relative, the rental value is not reported as untaxed income unless the student's name is on the lease.

However, the application does require a student to report the value of housing that is provided to the family as compensation for a job. The most common example is free housing or a housing allowance provided to military personnel or clergy.

SECTION E

"FEDERAL STAFFORD LOAN INFORMATION"

Purpose: *This section collects information that may be used to assist in processing students who are applying for Federal Family Education Loans. State agencies and guarantee agencies can apply to the U.S. Department of Education to receive this information for students from their state. In addition, the Federal Central Processing System will be checking the answers to these questions for consistency with the rest of the information on the application. Answering the questions in this section does not commit the student to accept a Federal Stafford Loan nor does it guarantee that the student is eligible for a Stafford Loan.*

Information about Federal Stafford Loans, Federal Insured Student Loans (FISL), or any part of a Consolidation Loan used to repay Stafford Loans or FISLs should be included in this section. Don't include Federal Supplemental Loans for Students (SLS), formerly called Auxiliary Loans to Assist Students (ALAS), or Federal PLUS loans to students, PLUS loans to parents, or Federal Perkins Loans (NDSLs). If the student has attended more than one college, he or she should include all Stafford Loans received at each college. If the student received more than one loan during a school year, he or she should be sure to include the total amount borrowed for that year. If the student has made any payments, he or she should subtract the total principal repaid from the amount borrowed. If the student has not received a Stafford Loan, or if he or she has repaid all of the Stafford Loan(s) the student should enter "0."

SECTION F

“YOUR VETERAN’S EDUCATIONAL BENEFITS”

Purpose: *The law requires that educational benefits offered by the U.S. Department of Veterans Affairs must be treated as a resource for the campus-based programs, and as estimated financial assistance when certifying a Federal Family Education Loan application. Because they are student financial aid, these benefits are not used in the EFC calculation. However, veterans benefits are collected in this section for the school to use when packaging aid.*

The applicant must report the amount of monthly benefits that he or she expects to receive during the school year (from July 1, 1993 through June 30, 1994). Included in this section are benefits from Selective Reserve Pay (Montgomery GI Bill—Chapter 106), New GI Bill (Montgomery GI Bill—Chapter 30), Vocational Rehabilitation (Chapter 31), REPS (Restored Entitlement Benefits for Survivors—Section 156), Educational Assistance Program (Chapter 107), and Dependents Educational Assistance Program (Chapter 35).

SECTION G

“COLLEGE RELEASE AND CERTIFICATION”

***Purpose:** This section permits the student to list three colleges that he or she may attend. The student may authorize the Federal CPS to send the information to these schools by checking the box for Question 33. Upon the school's request, the CPS will provide schools with a hardcopy roster or tape of students who have listed their schools on an application. These schools will also be able to obtain the student's EFC and application information through the EDE system. Students can send information to additional schools by correcting school names on the SAR or ESAR. Additional schools may also obtain the student's data electronically if the student provides those schools with his or her PIN number (given on the SAR).*

Although parental information must be provided for a dependent student, a third party (such as another relative, a counselor, or a financial aid administrator) may sign the application in place of the parent(s) if:

- the parent(s) is not currently in the United States;
- the current address of the parents is not known; or
- the parent(s) has been determined physically or mentally incapable of providing a signature.

The signature of a counselor serves as a mechanism to get the application through the processing system. The counselor also assures a minimum level of credibility in the data submitted. However, the counselor does not assume any responsibility or liability in this process. If the financial aid office finds any inaccuracies in the information reported, the student would be directed to send the SAR through the normal corrections process.

CERTIFICATION

"PREPARER'S USE ONLY"

Purpose: The 1992 reauthorization requires that this information be collected. The Department will use this information to monitor the effect of application preparation services relative to the general applicant population.

The law requires that if anyone other than the student, the student's spouse, or the student's parents prepared the application, then the preparer must write in his or her name, social security number, the company name (if applicable), the company address, and the company's Employer Identification Number as assigned by the Internal Revenue Service.

High school counselors, financial aid administrators, and other persons who help students with their applications by actually filling out line items on the form, or dictating responses to items on the form *are* considered preparers. These preparers must complete this section even if they are not paid for their services.

WORKSHEET

SIMPLIFIED NEEDS TEST

Purpose: The instructions to the FAFSA includes a worksheet to determine if the student needs to fill out the Supplemental Information in Section H. The primary purpose of the "simplified needs test" is to shorten the application process for students from low-income families.

Basically, the student does not have to fill out the Supplemental Information if the family's income was $49,999 or less and the family did not use the **IRS Form 1040** to file taxes (i.e., the family did not file a return, or used the 1040A or 1040EZ). Therefore, a family that used the 1040 as an income tax return because it could not obtain a 1040A or 1040EZ, or because it used a tax preparer's standard form, cannot qualify for the simplified needs test.

Note that Federal Work-Study earnings must be excluded from the AGI when determining if the family's income exceeded $49,999 — student financial aid is excluded from income on the worksheet, as elsewhere on the application.

The simplified needs test will usually increase a student's eligibility because it does not include family assets.

Even if a student is eligible for the simplified needs test, the student should be strongly encouraged to complete questions 45b, 45e, 46, and 47 in Section I. The answers to these questions are not required for the processor to calculate the student's EFC, but schools will need to have this information to award federal student aid.

SECTION H

“ASSET INFORMATION”

Purpose: *The purpose of Section H is to determine if the family's assets are substantial enough to support a contribution towards the student's cost of education. Note that only the net asset value is counted in the need analysis. Any debts against these assets are reported in this section, and are subtracted from the value of the asset when the EFC is calculated. After the net asset value has been determined, a substantial asset reserve is usually subtracted (students generally do not receive an asset reserve in the EFC formula unless they are married or have dependents). Only the amount of the asset that exceeds the reserve is expected to be available for meeting educational expenses, and only a portion of that available asset will be assessed in the need analysis formula.*

To make the application process easier, a family does not have to report assets if it qualifies for the Simplified Needs Test.

An asset is property owned by the family that has an exchange value. Possessions such as a car, a stereo, or clothes or furniture, are not reported as assets on the financial aid application.

Note that the family's principal place of residence is no longer reported as an asset.

OWNERSHIP OF THE ASSET

There are several situations where the ownership of the asset may be divided or contested:

> *Part ownership of asset.* If the parent or student only has part ownership of the asset, that part should be reported. The general rule is that the value of the asset should be divided by the number of people who share ownership, unless the share of the asset is based on the amount invested, or the terms of the arrangement specify some other means of division.
>
> *Contested ownership.* Assets should not be reported if the ownership is being contested. For instance, if the parents are separated and they may not sell or borrow against jointly owned property that is being contested, the responsible parent would not list any value for the property or debts against it. However, if the ownership of the property is not being contested, the property would be reported as an asset.

Lien against asset. If there is a lien or eminent foreclosure against the asset, the asset would still be reported until the party holding the lien or making the foreclosure has completed legal action to take possession of the asset.

Other Real Estate and Investment Value

"Investments" include a wide range of investments, including trust funds (see next heading), money market funds, certificates of deposit, stocks, bonds, other securities, installment and lands sale contracts, commodities, and precious and strategic metals. Investments also include **money loaned out** by the student or parent (the unpaid principal would be reported as an asset). "Real Estate" includes second or summer homes or rental properties owned by the student or parents. The net value of this property as of the date the application was signed.

Rental properties. Sometimes the applicant will claim that rental properties represent a business, which would receive the higher Farm/Business offset. Generally, rental properties must be reported under Real Estate rather than Farm or Business Assets. To be reported as a business, a rental property would have to be part of a formally recognized business. (Usually, such a business would provide additional services, such as regular cleaning, linen or maid service.)

Business. Report the current market value of a business. Include the value of land, buildings, machinery, equipment, inventories, etc. Don't include the home even if it is part of the business. Then write in what is owed on the business including the unpaid mortgage and related debts.

Farm. When reporting the current market value of a farm the student should include the value of the land, buildings, machinery, equipment, livestock, and inventories. The amount of farm debt reported should include the unpaid mortgage and related debts, as well as any loan for which the farm assets were used as collateral.

(Note that when current market value for business/farm is reported, it must be the amount the business/farm could sell for as of the date of the application. Also, if the student or parent is not the sole owner of the business/farm, only his or her share of the debt must be reported.)

Take-back mortgages. In a "take-back" mortgage, the seller takes back a portion of the mortgage from the buyer and arranges for the buyer to repay that portion of the mortgage to the seller. For IRS purposes, the seller must report the interest portion of any payments received from the buyer on Schedule B of the IRS Form 1040. Therefore, if there is an amount reported on this line, the family probably has an asset that should be reported on the financial aid application.

The asset value to be reported is the value of the take-back mortgage. Note that there would be no debt reported against this asset. For instance, if the family sold its house for $60,000 and had a take-back mortgage of $20,000, the family should report $20,000 under "Real Estate and Other Investments" on the application. This amount will decrease each year depending on how much of the principal the buyer paid back that year.

(This discussion would also apply to other forms of seller financing that result from the sale of a home or other property.)

Trust Funds

Trust funds in the name of a specific individual should be reported as that person's assets on the application. In the case of divorce or separation where the trust is owned jointly, and ownership is not being contested, the property and the debt is equally divided between the owners for reporting purposes, unless the terms of the trust specify some other method of division.

As a general rule, the value of the trust must be reported as an asset, even if the beneficiary's access to the trust is restricted. If the grantor of a trust has voluntarily placed restrictions on the use of the trust, then the trust would be reported in the same manner as a trust that did not have any specific restrictions. The way in which the trust must be reported varies according to whether the student (or dependent student's parent) receives or will receive the interest income or the principal of the trust, or both.

Interest only. If a student spouse or parent receives only the interest from the trust, any interest received in the base year must be reported as income. Even if the interest accumulates in the trust and is not paid out during the year, the person who will receive the interest must report an asset value for the interest he/she will receive in the future. The "present value" of the interest the person will receive while the trust exists can usually be calculated by the trust officer. This value represents the amount a third person would be willing to pay in order to receive the interest income that the student (or parent) will receive from the trust in the future.

Principal only. The student spouse or parents who will receive only the trust principal must report the present value of his or her right to the trust principal as an asset. For example, if the principal is $10,000 and reverts to a dependent student's parents when the trust ends in 10 years, but the student is receiving the interest earned from the trust, the present value of the parents' right to the principal of the trust must be reported as a parental asset. The present value of the principal is the amount that a third person would pay at the present time for the right to receive the principal 10 years from now (basically, the amount that one would have to deposit now to receive $10,000 in 10 years, including the accumulated interest). Again, the present value can be calculated by the trust officer.

Both Principal and Interest. If a student spouse or parent receives both the interest and the principal from the trust, the present value of both interest and principal would be reported, as described above. If the trust is set up in such a manner that the interest accumulates within the trust until the trust ends, the beneficiary should report as an asset the present value of the funds (both interest and principal) that he or she is expected to receive when the trust ends.

If a trust has been restricted by court order, it would not be reported as an asset. One example of such a restricted trust is a trust that was set up by court order to pay for future surgery for the victim of a car accident.

Excluded assets

Some assets are not to be reported on the financial aid application.

Pensions and whole life insurance. Pensions are not counted as assets for application purposes. Of course, when the income from a pension is distributed to the beneficiary, either as a lump-sum or as an incremental distribution, the income would be reported. The cash value or built-up equity of a life insurance policy (often referred to as a "whole-life" policy) is not reported as an asset.

Excluded assets for Native American students. The law explicitly excludes any property received under the Distribution of Judgement Funds Act (25 United States Code 1401, et seq.), the Alaska Native Claims Settlement Act (43 United States Code 1601, et seq.), or the Maine Indian Claims Settlement Act (25 United States Code 1721, et seq.).

SECTION I “STATE INFORMATION”

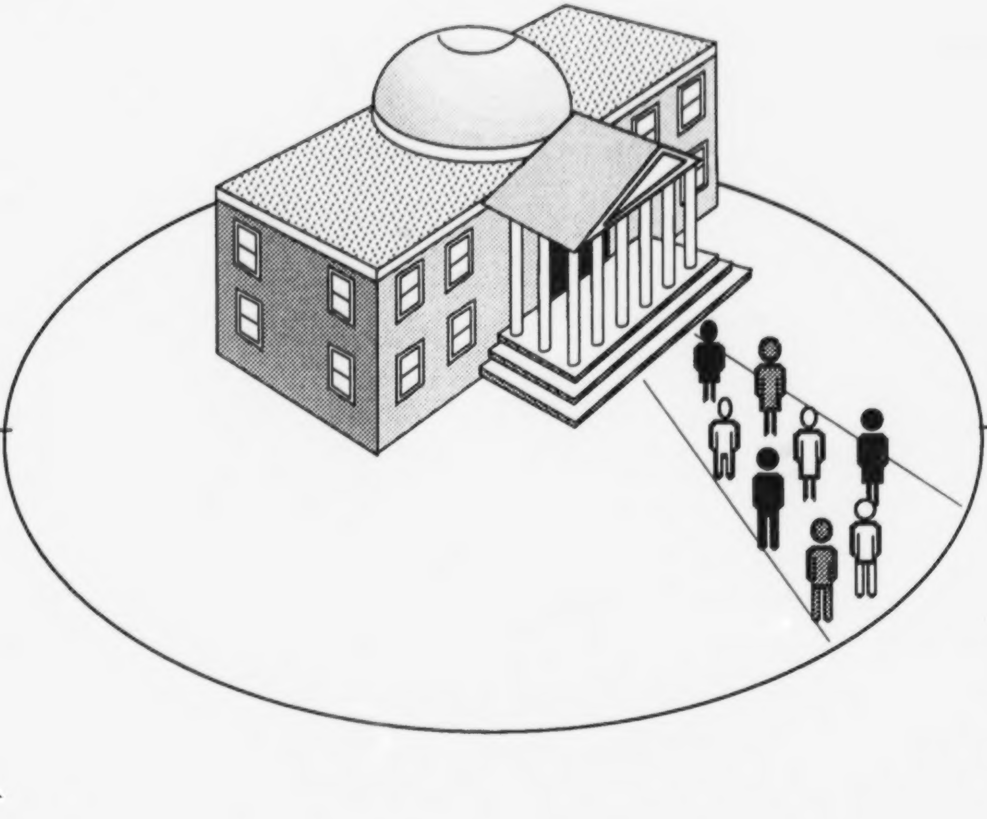
***Purpose:** This is the last section of the FAFSA. It's primary purpose is to collect information on students who are applying for state aid. However, there are several questions in this section that will affect how the student's federal student aid is awarded.*

Students who are applying for state aid in Arkansas, California, Florida, Indiana, Iowa, Maryland, Massachusetts, Maine, Michigan, Minnesota, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Rhode Island, Vermont, Washington, or West Virginia *must* fill out this section. These states and some others may require that the student answer additional questions.

Students who are applying for federal student aid should be strongly encouraged to answer questions 45b, 45e, 46, and 47 in this section. Even though the answers will not affect the student's EFC, schools will need to have this information to award federal student aid.

Special Supplement:

Getting Disadvantaged Students into College



In recent years increasing attention has been given to "at-risk" students — students who have the aptitude for postsecondary education but, for one reason or another, choose not to continue their studies beyond high school, or drop out before completing high school.

Despite the significant amount of need-based aid that is available for high school students to continue their education, recent studies show that students and parents from low-income families are *less* likely to be informed about student financial aid than those from relatively well-off families. Clearly, the problem of access cannot be solved simply by making financial aid available to disadvantaged students, but rather depends on goals that are established and choices that are made long before the last year of high school.

One of the primary responsibilities of the school counselor is to help students make the transition from secondary school to college or work. This supplement offers suggestions for assisting in that process by addressing a critical problem – misinformation and lack of information about postsecondary options and financial aid.

Three Myths about Financial Aid

“THERE ISN'T ENOUGH FINANCIAL AID FOR STUDENTS LIKE ME.”

Many students and parents have the impression that the budget for the Federal student aid programs has been severely reduced. In fact, funding for these programs has grown steadily throughout the 1980's. The Federal student aid programs alone will provide roughly $19 billion in grants, loans, and work-study assistance to over 5 1/2 million students. While it's true that even this much aid cannot meet the full financial need of all students, the neediest students have the best chance at receiving assistance.

“ONLY STUDENTS WITH GOOD GRADES CAN GET FINANCIAL AID.”

Many students think that financial aid is based on grades. While a high grade point average is certainly desirable and will help a student get into a good school, most of the Federal student aid programs do not take a student's grades into consideration. Provided a student maintains satisfactory academic progress in his or her program of study, Federal student aid will help even an average student complete his or her education, if the student has financial need.

“YOU HAVE TO BE A MINORITY TO GET FINANCIAL AID.”

Funds from the Federal student aid programs are awarded on the basis of financial need, rather than race, creed, or gender. The financial aid applications for these programs don't even collect such information about the applicant.

The Messages

“STAY IN SCHOOL.”

Promote the benefits of education, emphasizing the financial rewards. Studies show a college graduate earns a lot more money in his or her lifetime than someone with a high school diploma. The economic realities of the job market for noncollege graduates or those with no technical training remain dismal.

“AID IS AVAILABLE.”

Students should be encouraged to apply for aid—counselors can help to “demystify” the process by involving parents whenever possible. Although poor academic performance in high school and on standardized tests is generally the most serious obstacle to expanding access to college, financial aid can effectively reduce the economic barriers. Federal, state and institutional aid should all be explored.

“NOT EVERYONE GOES TO SCHOOL THE SAME WAY.”

Sometimes high school students may assume that further schooling means four years of full-time study at a residential college. Nowadays, students can plan on a wide range of postsecondary options, including six-month programs at trade schools, two-year degree programs at community and junior colleges in the commuting area, as well as the traditional four-year programs at colleges and universities. Part-time, full-time, evening or day classes—the choices are many and varied.

Reaching "At-Risk" Students

Many high schools, postsecondary schools, private organizations, and government agencies around the United States have cooperated in the development of early intervention programs. The following list of suggestions is drawn from some of these existing early intervention programs. You can find out more about these programs from the sources listed under *For Further Information and Publications,* later in this Supplement.

➲ ESTABLISH A TIMETABLE OF AGE-SEQUENCED ACTIVITIES

Studies show that the earlier and more often an at-risk student is reached, the better. Ninth graders are often forming career aspirations and need guidance in making decisions about high school courses. Tenth, eleventh and twelfth graders should look at the choices for postsecondary education, discuss their financial situation with parents and counselors, participate in pre-college summer programs if available, take the SAT or ACT if considering college, apply for aid, and select a school. Every student should be encouraged to take the SAT or ACT and apply for Federal financial aid, even if they do not plan to enroll in college or a vocational program immediately after high school.

➲ INVOLVE PARENTS AS WELL AS STUDENTS

Arrange for evening or weekend information sessions for the convenience of working parents. Parents not only need to understand about college admissions requirements and the rudiments of student financial aid, but also the high school courses needed for various postsecondary options. Information on financial planning and how to gather and use information about postsecondary options is necessary for all parents, but most importantly for those who have no postsecondary experience themselves.

➲ ESTABLISH A TUTORING OR MENTORING PROGRAM

It may be possible to set up a tutoring or mentoring program in your school using local college students. A recent U.S. Department of Education study identified more than 1,700 tutoring and mentoring programs currently operating in 921 colleges and universities involving partnerships with elementary and secondary schools. These projects have shown positive effects not only on the test scores, grades and overall academic performance of the tutored students, but on their self-esteem and self-confidence as well. The participating college or university may be able to pay its students from Federal work-study funds.

➲ PROVIDE FIRST HAND INFORMATION

There are a variety of ways to help students visualize the idea of postsecondary education. Visiting an actual campus is probably the most effective way to get a feel for the college experience. However, there are many other ways to provide information and motivating experiences, such as attending college fairs, talking to college admission representatives, organizing parents for tours of campuses, and inviting recent college graduates to talk to students. Students need to discuss the things that are key to success in postsecondary education, such as planning to meet off-campus expenses and allowing enough time for study. Students' fears and unrealistic expectations can be overwhelming, especially for those who are first-generation college attendees.

➲ PROVIDE ACADEMIC COUNSELING

The heart of early intervention is academic preparation and proper course selection. Unfortunately, studies show that many students who might be admitted to postsecondary schools are not taking courses at the high school level that would prepare them for further study. Students should be counseled, regardless of their postsecondary plans, to pursue a challenging program of study in high school. Even those students who don't go on to college or into career training after high school may change their minds later on. It's also a good idea for high school counselors to work with middle school counselors to ensure that students have the opportunity to take courses that will prepare them for postsecondary education. It's all part of helping students keep their options open.

➲ DEVELOP COOPERATIVE PROGRAMS WITH LOCAL POSTSECONDARY SCHOOLS

In some areas, secondary schools and neighboring colleges encourage students to stay in school and plan ahead by offering them financial incentives. For instance, high school students in one locality are encouraged to sign a contract in which they promise to take certain preparatory courses, attend school regularly, and make good grades. A student who fulfills the contract doesn't have to pay tuition and fees at the local community college.

Existing Programs

If you do not already have one in your school, it may be possible to participate in one of the TRIO programs sponsored by the U.S. Department of Education. Established in 1965, the primary purpose of the TRIO programs is to prepare disadvantaged students for successful entry into, retention in, and completion of postsecondary education. All of the TRIO funds are awarded through a competitive discretionary grant process.

TRIO

- *Upward Bound* - prepares eligible students between the ages of 13 and 19 for college. Sponsored mainly by postsecondary institutions, the services provide remedial instruction, career awareness activities, postsecondary and financial aid counseling and cultural activities.

- *Talent Search* - serves students between 12 and 27 who have completed the sixth grade and are potential first-generation college students. In some cases Talent Search projects may be sponsored by secondary schools, but usually are sponsored by postsecondary institutions.

- *Student Support Services* - provides on-campus compensatory education and counseling. Programs may only be sponsored by postsecondary institutions.

A wide range of private programs which guarantee college tuition have been established in recent years, and may be available for your students. The U.S. General Accounting Office identified four main types of programs in its report "Promising Practice: Private Programs Guaranteeing Student Aid for Higher Education":

PRIVATE

- *Sponsorship programs,* begun either by individuals or organizations, promise tuition to students who are often targeted in elementary school and provided extensive support services throughout their school years.

- *"Last dollar" programs,* which help high school students apply for student aid and promise to make up the difference between the aid received and the cost of attendance.

- *University-based programs* , which often enroll students in such programs as early as junior high school. These programs may guarantee students admission, tuition and mentoring services.

- *"Pay for grades" programs* , which offer tuition reduction in exchange for high grades. These programs have not been as successful as the others, says GAO, because they offer few support services to students.

Further Information & Publications ...

The following is a sampling of some of the information resources that are available ...

- For information on the TRIO Programs, contact the Division of Student Services, Office of Higher Education Programs, Office of Postsecondary Education, U.S. Department of Education, 400 Maryland Avenue, S.W., Washington, D.C. 20202

- Hispanic Student Success Program, sponsored by the Hispanic Association of Colleges and Universities, 4204 Gardendale Street, Suite 216, San Antonio, TX 78229 (512) 692-3805

- *Frontiers of Possibilities*, the report of the National Association of College Admission Counselors' National College Counseling Project, which addresses the development and expansion of college counseling in high schools. $12 per copy from the National Association of College Admission Counselors, 1800 Diagonal Road, Suite 430, Alexandria, VA 22314. Orders must be prepaid by check or money order.

- *Parents and Counselors Together (PACT)*, a training program developed by the National Association of College Admission Counselors for the parents of late elementary and middle school students, designed to introduce the concept of education exploration and decision-making. Training guide available for $10 from the National Association of College Admission Counselors, 1800 Diagonal Road, Suite 430, Alexandria, VA 22314. Orders must be prepaid by check or money order.

- *One on One: A Guide for Establishing Mentoring Programs*, a "how-to" guide for establishing or expanding mentoring programs which includes suggestions for needs assessment and developing goals and recruiting mentors. 50 pages. Copies available by writing the U.S. Department of Education, Office of the Undersecretary, Room 4049, 400 Maryland Avenue, SW, Washington, D.C. 20202-4110.

- *Occupational Outlook Quarterly*, U.S. Department of Labor, Bureau of Labor Statistics. Published four times a year, the OOQ provides up to date information on the employment outlook in various fields, occupational staffing patterns, and national data on educational attainment and job growth. (Order from: U.S. Government Printing Office, 202-783-3238.)

Sample Handouts and Overheads ...

Once again, we have included several layouts on the following pages that may be photocopied and used as handouts to provide basic information about student aid and postsecondary opportunities to students and parents.

Several counselors have also asked us for copies of overheads that we have used in training presentations about federal student aid and the application process. We have included a set of full-page graphics that can be photocopied onto transparencies for use as overheads at parent's nights and other occasions. Also please note that the pages 4 and 19 of this Handbook were also designed to be used as transparencies.

Handouts

Federal Student Aid

Grants, Loans & Work-Study ...

The U.S. Department of Education provides over $20 billion in financial aid to students at colleges and vocational schools each year. Most of this aid is based on the student's financial need, rather than on a high grade point average or other academic achievements. In general, the student must be a U.S. citizen or eligible non-citizen, and must have a high school diploma or GED. (Students without a diploma or GED may qualify for aid by passing a test approved by the Department or by meeting state requirements.) To apply for aid, a student must have a social security number. Male students 18 or older must comply with the Selective Service registration requirement (students may use the *Free Application for Federal Student Aid* to register).

Federal Pell Grants ... for needy undergraduate students ... awards range from $400 to $2,300, depending on the student's EFC and courseload ... a student with an EFC of 0 who attends a full school year is eligible for the maximum award ... over 3 million students will receive Pell Grants this year ...

Federal Family Education Loan Program ... offers 3 types of loans: Federal Stafford, Federal SLS, and Federal PLUS loans ... loans are made by banks, credit unions, or savings and loan associations and guaranteed by the federal government ... graduate as well as undergraduate students are eligible ... for most Stafford Loans, the government also pays some of the interest on the loan ... the student must be attending school at least half-time ... repayment may be based on the amount the student earns ... the borrower may defer (postpone) repayment of a loan for reasons such as unemployment or economic hardship ... in some cases, such as death or disability, the loan may be cancelled ... see the school's financial aid administrator for details on deferment/cancellation ... loans have variable interest rates, within set limits ... maximum annual amounts are based on year in school, except for PLUS loans, which are based on the difference between the student's costs and other estimated aid ... see interest rates and undergraduate maximum amounts below:

	Rate	1st yr	2nd yr	>2nd yr	Total Undergrad
Federal Stafford	9% or less	$2,625	$3,500	$5,500	$23,000
Federal SLS	11% or less	$4,000	$4,000	$5,000	$15,000
Federal PLUS	10% or less	Cost - aid	Cost - aid	Cost - aid	N/A

Federal Stafford Loans ... loans are reduced if program is less than an academic year ... repayment period begins six months after the student leaves school or drops below half-time ... repayment is usually at least $50 a month ... **Federal PLUS/Federal Supplemental Loans for Students (FSLS)** ... Federal PLUS loans are for parents who want to borrow to pay for their children's education ... Federal SLS loans are for student borrowers ... under PLUS, the amount parents can borrow can't be more than the difference between the student's cost of education and other financial aid received ... repayment period for Federal PLUS loan principal begins on the date the loan is disbursed ... repayment for Federal SLS loans begins, in most cases, on the date of the final loan disbursement

"Campus-based" Programs ... the U.S. Department of Education gives funds to schools for these programs, and the school selects recipients ... unlike Federal Pell Grants and Federal Family Education Loans, the school receives a fixed amount of campus-based funds ... not all students with need will receive campus-based aid ... **Federal Supplemental Educational Opportunity Grants (FSEOG)** ... only for undergraduate students with *exceptional* financial need—priority given to Federal Pell Grant recipients ... awards range up to $4,000 ... **Federal Work-Study (FWS)** ... provides jobs for undergraduate and graduate students to help pay for their education ... jobs can be on- or off-campus and should be related to course of study ... student is paid by the hour, at least minimum wage ... school sets the work schedule ... **Federal Perkins Loans** ... low-interest (5 percent) loans for graduate students and undergraduate students with exceptional financial need ... priority is given to Federal Pell Grant recipients ... the school (rather than a bank) makes the loan ... students can borrow up to $3,000 for each year of undergraduate study, up to a total of $15,000 for undergraduate study ... repayment begins 9 months after the student leaves school ...

SSIG Programs ... the U.S. Department of Education gives matching funds to state agencies to provide grants to college and vocational students ... awards can range as high as $5,000 or more, depending on the student's state of legal residence ... check with your state agency for more information ...

USED Scholarship Programs

The U.S. Department of Education offers several programs through state agencies based on academic merit rather than financial need ... **Paul Douglas Teacher Scholarship** ... students must graduate in top 10% of their high school class and plan to enter teaching as a career ... awards up to $5,000 a year for four years of scholarship study ... **Byrd Scholarships** ... $1,500 scholarship awarded to exceptionally able students ... **National Science Scholars Program** ... scholarships of up to $2,700 for exceptional high school students who plan to study in the sciences, mathematics, or engineering ...

Other Federal Programs

Financial aid is also offered by several other federal agencies, to students who meet certain conditions: **Public Health Service Programs** ... students studying to be nurses can apply for long-term, low-interest loans ... scholarships are available to undergraduate students who agree to work as a nurse in an eligible facility after graduation ... **Montgomery GI Bill** ... provides stipends for members of the Reserves or National Guard ... **Reserve Officer Training Corps** ... 4-year scholarships for students who enroll in ROTC program ... awards are based on academics and other achievements ... **Veterans Programs** ... benefits for the survivors of deceased veterans, spouses of living veterans, and children of either, when the veteran's death or disability was the result of service in the Armed Forces ... **Bureau of Indian Affairs Grants** ... student must have financial need and be a member of an American Indian Tribe ... **Vocational Rehabilitation Assistance** ... students with disabilities may be eligible for federal aid administered through the state vocational rehabilitation agency ...

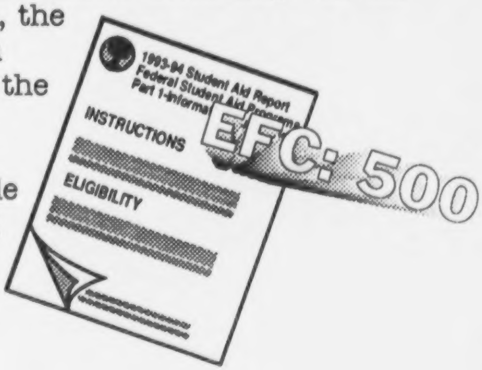
Applying for Student Aid ...

Financial need is usually the key factor that determines how much aid the student will receive. Financial need is defined as the difference between the student's cost of education (such as tuition and fees and living expenses) and the amount the student's family can contribute to pay for those costs. For the federal student aid programs, the law specifies exactly how the **expected family contribution (EFC)** will be calculated. The expected family contribution is based on a percentage of available family income (assets are also considered if the family income is $50,000 or more), after a standard allowance for taxes and basic living expenses is deducted.

Cost of Education
—Expected Family
Contribution
Financial Need

While the cost of education may vary from school to school, the student's EFC will be the same no matter which school he or she attends. To find out his or her EFC, the student must complete the **Free Application for Federal Student Aid (FAFSA)** and mail it to the application processor (an envelope with the processor's address is provided with the application).

The student will receive a **Student Aid Report** in the mail, with the EFC printed at the top right of the first page. The student should check the Student Aid Report carefully to make sure that all the information is correct, and then take it to the school that he or she will be attending. (If the student listed the school's name on the application, the school may already have received this information electronically.) The financial aid administrator at the school will develop a financial aid package for the student, based on the costs at that school. If the student's EFC is 2100 or less, the student is eligible for a Federal Pell Grant as a part of his or her aid package.



Special Circumstances

If the student has **special circumstances**, he or she should explain them to the financial aid administrator at the college or vocational school. The financial aid administrator can make adjustments to the student's EFC or cost of education, if necessary. In particular, the student should be sure to let the aid administrator know:

- if the student or parent has lost income or benefits in the last year
- if the student or parent is a dislocated worker
- if the student's family has unusual medical or dental expenses
- if the student's family pays tuition for high school or elementary school

Sample aid package ...

As an example, let's look at the aid package for a student named Shaquille who wants to attend Carom College, where the tuition cost is $3,000 and the average living expenses are $3,500. Shaquille completes the FAFSA, and gets back a Student Aid Report with an EFC of 425.

$6,500	**Cost of Education**
—425	**EFC**
$6,075	**Financial Need**

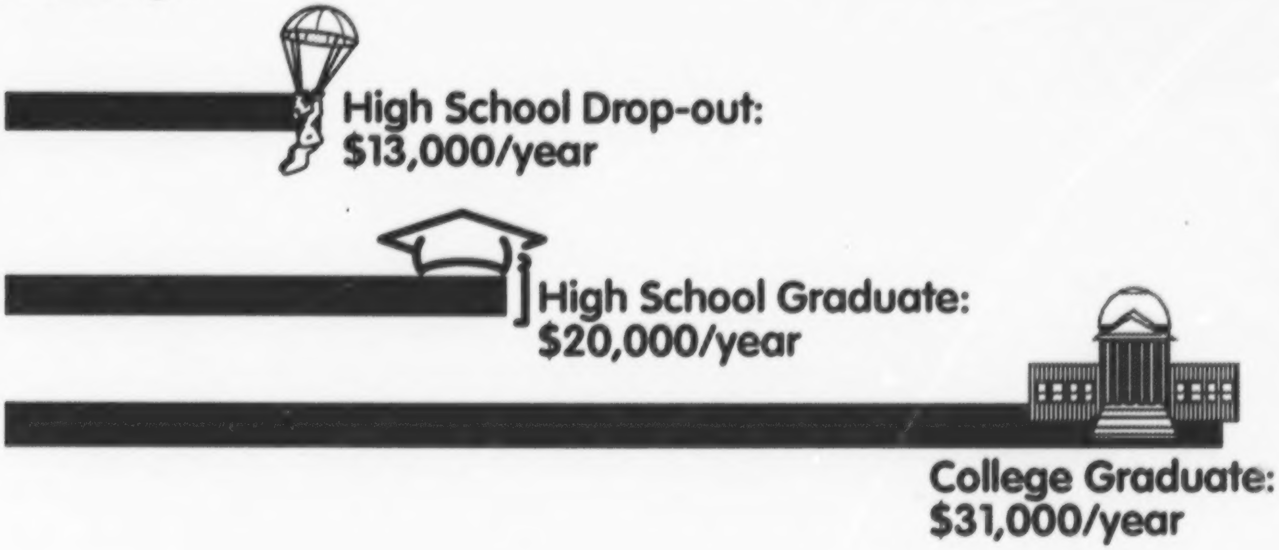
Shaquille's financial need is the difference between his costs and what his family can contribute to his education. Since his family can contribute $425, Shaquille's financial need is $6,075. He is clearly eligible for a Federal Pell Grant and a Federal Stafford Loan. If he receives $4,100 from these two programs, he will only need another $1,975 to pay his college costs.

$6,075	**Financial Need**
—$1,475	**Federal Pell Grant (estimate)**
—$2,625	**Federal Stafford Loan**
$1,975	**Remaining Need**

Depending on the funds available at Carom College, Shaquille's remaining need could be met by federal campus-based aid, a scholarship offered by the college, or financial aid from his state agency.

WHY STAY IN SCHOOL? HOW ABOUT ... A GOOD JOB!

Even if you're not sure what you want to do with your life, here's one good reason not to drop out of high school — money. Consider these average earnings:



Sometimes it's hard to stay in school if you think you need to be working to earn money. But it is true that you'll have a better chance of finding and keeping a *good* job, and you'll earn *more,* if you finish high school.

If you're having trouble staying in school, talk to your guidance counselor. Don't be afraid to ask for help. It pays to stay in school!

CHOOSING A CAREER

❶ Learn about yourself ...

Values ... What is important to you? Do you like working with others, or do you prefer working by yourself? Do you like working with your hands? Do you prefer variety or a familiar routine?

Interests ... What appeals to you? What do you enjoy? Do you like solving problems? What gets your attention?

Aptitude ... What are you good at? Are you good with words? Do you have artistic talent? Can you fix things? Talk with your guidance counselor or a teacher for advice. Ask your guidance counselor about taking an aptitude test or interest inventory.

❷ Consider how much training you will need for the career you're interested in ...

High school diploma: cashier, receptionist, salesperson, security guard, telephone operator, waiter/waitress ... **Special career training:** auto technician, firefighter, machinist, medical technician, police officer, barber/cosmetologist ... **College degree:** accountant, counselor, engineer, nurse, pilot, teacher ... **Graduate degree:** college professor, dentist, lawyer, veterinarian, judge.

❸ Talk to people who are working in that field ...

People who like their jobs (and even people who don't) are usually happy to talk about them. It's helpful to ask the "what's good and bad about this job" questions. Ask them how they learned their trade. There are many sources of career and job outlook information available — go to your public library or your guidance counselor. READ AND EXPLORE!

BE AN INFORMED CONSUMER — KNOW YOUR RIGHTS!

Tuition and Fees

If you're enrolling in a community college or 4-year college, you will probably get a tuition and fee bill before each term (semester or quarter) begins, and your aid will be paid each term.

If you're enrolling at a vocational school, the school will usually charge you for tuition and fees for the entire educational program at the beginning of the program. However, your financial aid award will usually be divided into at least two payments. The first payment is made at the beginning of the program, and the second payment is made after you've finished one-half of the program.

Most schools will use your financial aid award to pay the tuition and fees charge first. Then, if there's any amount left over, the school must give it to you to help you pay your living expenses.

Loans

Even if you qualify for a full Federal Pell Grant, you may have to get a student loan to go to school.

Before you borrow, make sure you can afford to pay it back. Either the school or the lender must give you a repayment schedule that explains how much your loan payments will be, and when you have to start making the payments.

Remember that you have to pay back the loan, even if you drop out of the school, or don't find a job after you graduate.

For further information, contact the Student Information Center at 1-800-4 FED AID.

U.S. Department of Education

Refund Policy

It's important to find out if you can get a refund if you drop out of school before you get your degree or certificate. Of course, no one plans on dropping out, but it does happen. You may have personal reasons for dropping out, such as a family illness. Or you may decide that the school's program isn't right for you.

Every school that gives federal student aid must have a written refund policy, and must give you a copy of that policy if you request it.

If student aid was used to pay your costs at the school, the whole refund or a part of your refund will probably go to the aid programs. Usually, the refund will first be made to your lender, if you took out a loan. This will reduce the amount of money that you have to repay.

So it is in your best interest to let the school know exactly when you dropped out or plan to withdraw — it may reduce your debt.

Enrollment Contracts

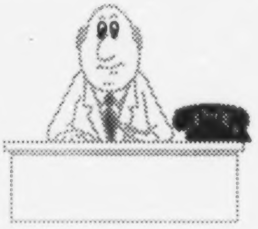
Read the enrollment contract carefully before you sign it. The contract explains what the school will give you for your money. A representative of the school may promise you things that are not in the contract, such as help finding a job. If the school's representative makes you a promise, ask them to write that promise on the contract, and sign and date it. If necessary, the school can add a separate sheet of paper to the contract, with the title "Addendum to [name of contract]" *A promise is usually not enforcable in court unless it is in writing.*

CHOOSING A SCHOOL CAREFULLY

6 TIPS

Getting training after high school may help you get a better-paying job, doing the work you like. But going to school is a big investment. You're investing your time. Chances are you'll also have to invest your own money, or take out a student loan to go to school. So you need to be sure that you're making the right choice.

1 Talk to your Counselor



Your school counselor is the first stop for information about the many options available to you. Counselors can help you focus on your own needs and goals, and will have all kinds of information about different kinds of schools. Your counselor can also help you prepare materials, such as letters of recommendation, that the school may ask for.

2 Shop Around

Be selective — contact more than one school. If you're looking for vocational training, check the Yellow Pages under "Schools" for phone numbers. If your area has a community college, call the admissions office and find out what kinds of training the college offers.

3 Visit the School

Call the school and schedule a visit, preferably while classes are being taught. Try to get a feel for the school during your visit. Make sure that you are comfortable with the facilities, the equipment, and the teachers.

4 Don't be Afraid to Ask!

A good school will be happy to answer your questions about its programs. Ask the school about its students: How many of its students graduate? How many get jobs because of the training they received? Ask the school what kind of job placement services it offers.

5 Check the Cost

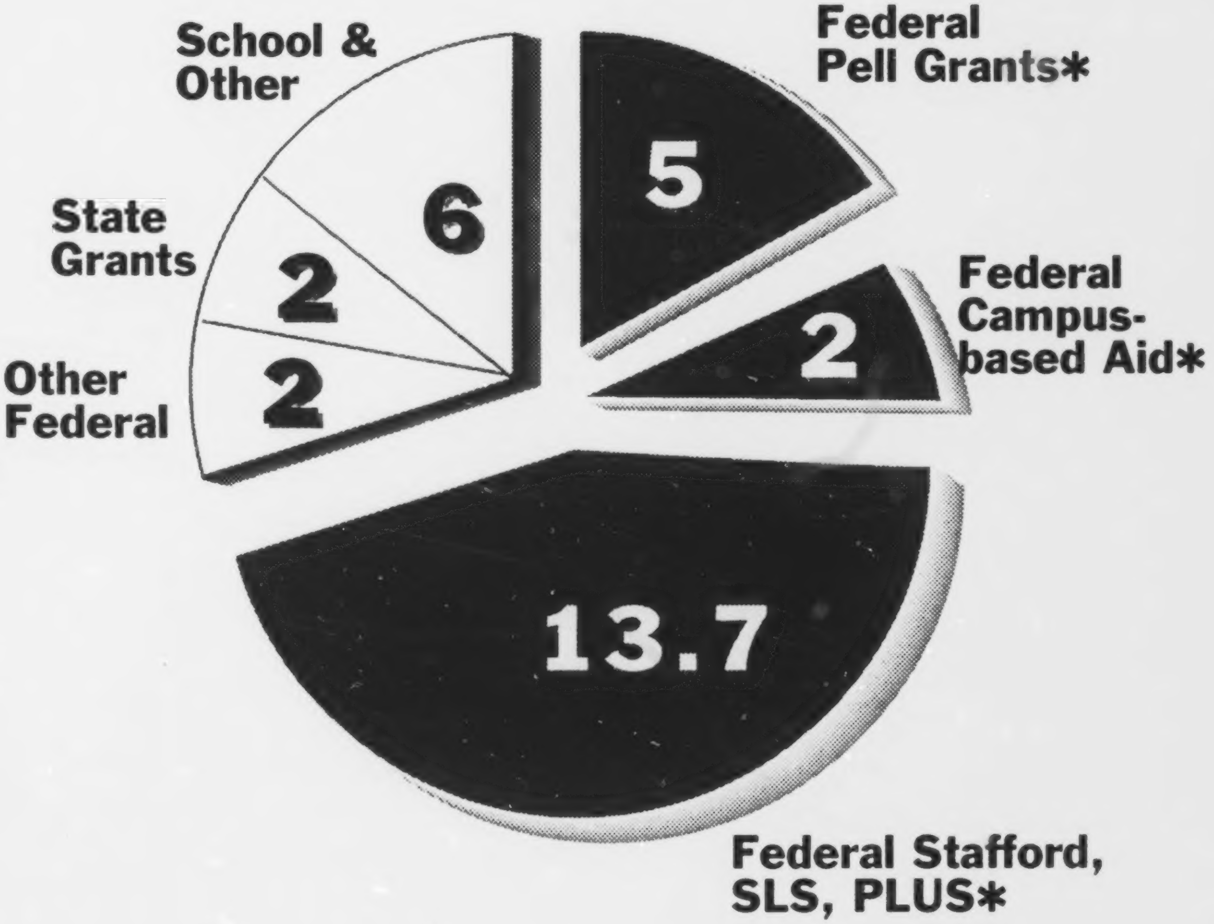
Make sure the school gives you a clear statement of the tuition and fees it charges. Remember that any financial aid you get will first be applied to the tuition and fee charges. If there's any money left over, the school will give it to you to help pay for things like food and rent.

6 Call these Numbers

Call your local Better Business Bureau to find out if there have been any complaints about the school. Call the Student Aid Information Center's toll-free number (1-800-4 FED AID) if you have any questions about your financial aid at the school. The Center can also tell you the school's default rate for federal student loans. (The Center is part of the U.S. Department of Education.)

Overheads

Sources of Aid



$ in Billions

***Nearly 70% of the student aid that is awarded each year comes from the US Department of Education programs (approximately $20.7 billion)**

Finding out about aid

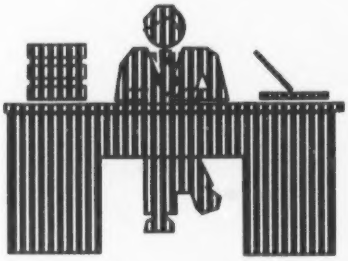
Federal student aid ($20.7 billion)

Get a free copy of the "Student Guide" at your school or library

Call the US Department of Education's toll-free number if you have any questions about federal student aid (1-800-4 FED AID)

Institutional and other aid ($6 billion)

Contact the financial aid office at the colleges or career schools that you plan to attend about financial aid from the school



Also ask your academic advisor about the availability of scholarships in your field of study

Visit your high school or public library and ask to see any books about financial aid and private scholarships

State aid ($2 billion)

Contact your state agency

Dispelling the "Three Myths"

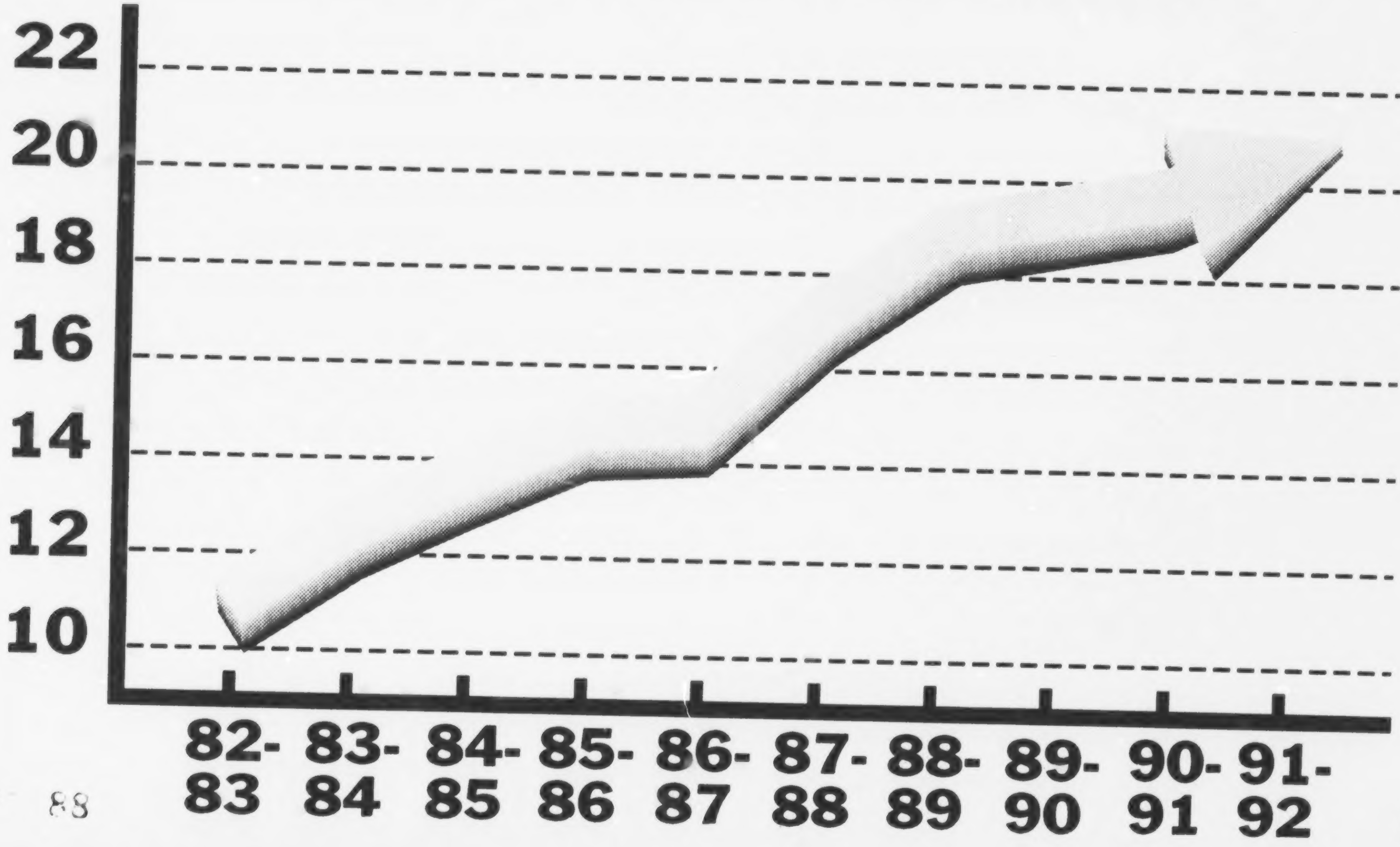
- Aid awarded through USED programs has nearly doubled in the last 10 years. Over 6 million students will receive aid from USED programs this school year.

- Aid awards are not based on grades. A high school student with a C average has the same chance of getting aid from USED programs as a student with an A average, if they both have financial need.

- Aid awards are available to all applicants who are U.S. citizens or eligible non-citizens who show financial need, regardless of their race, religion, or country of origin.

Student Aid Increases

Over the last 10 years the amount of federal student aid has nearly doubled —



USED Programs

Federal Pell Grants

Federal Family Education Loans

Federal Stafford Loans

Federal SLS Loans

Federal PLUS Loans

Campus-based

Federal SEOG

Federal Perkins Loans

Federal College Work-Study

Eligibility for Federal Student Aid

- ✓ Have a high school diploma, GED, or pass an approved test
- ✓ Enroll as a regular student in an eligible degree or certificate program
- ✓ Be a U.S. citizen or eligible non-citizen
- ✓ Make satisfactory academic progress
- ✓ Sign a Statement of Updated Information, Selective Service Registration Status, Educational Purpose, and Refunds and Defaults

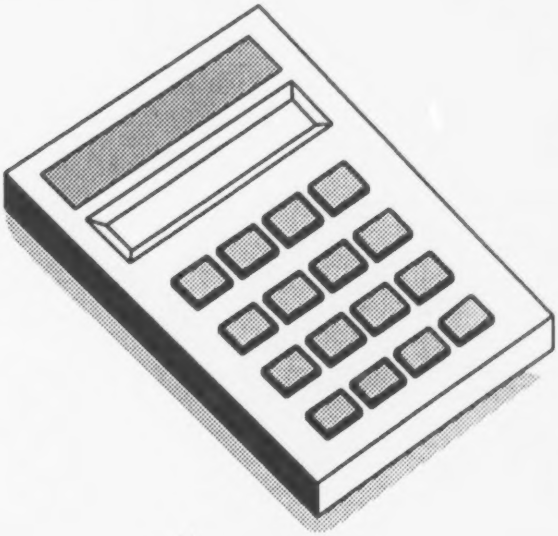
Financial Need

For most federal student aid programs, the student must show financial need —

Cost of Attendance

- EFC

= Financial Need



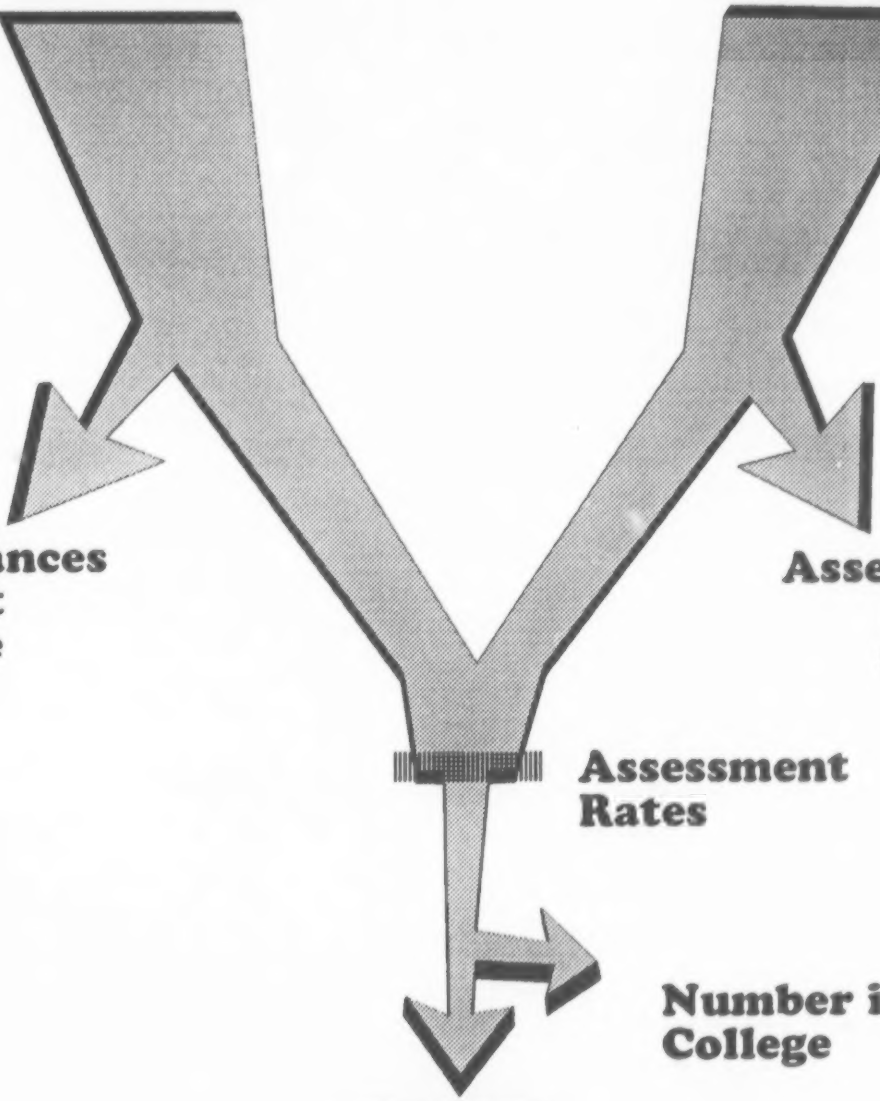
Cost of Attendance

The student's costs include more than just tuition and fees —

Tuition & Fees
+ Room & Board
+ Books & Supplies

= Total School Cost

The EFC Formula



Income

Assets

Allowances against income

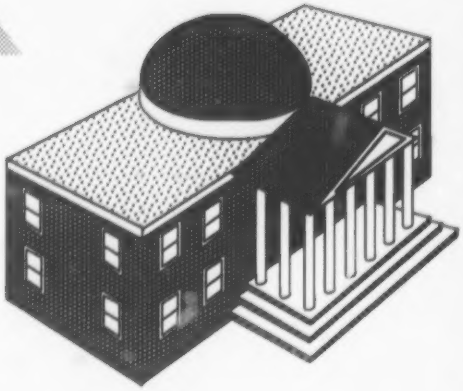
Asset protection allowances/ adjustments

Assessment Rates

Number in College

EFC

Choosing a School



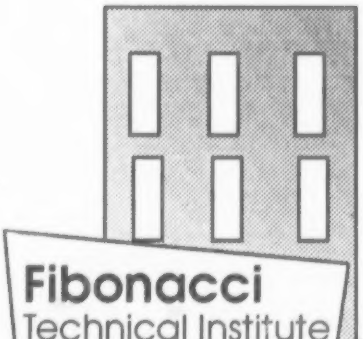
COST

Average per year—

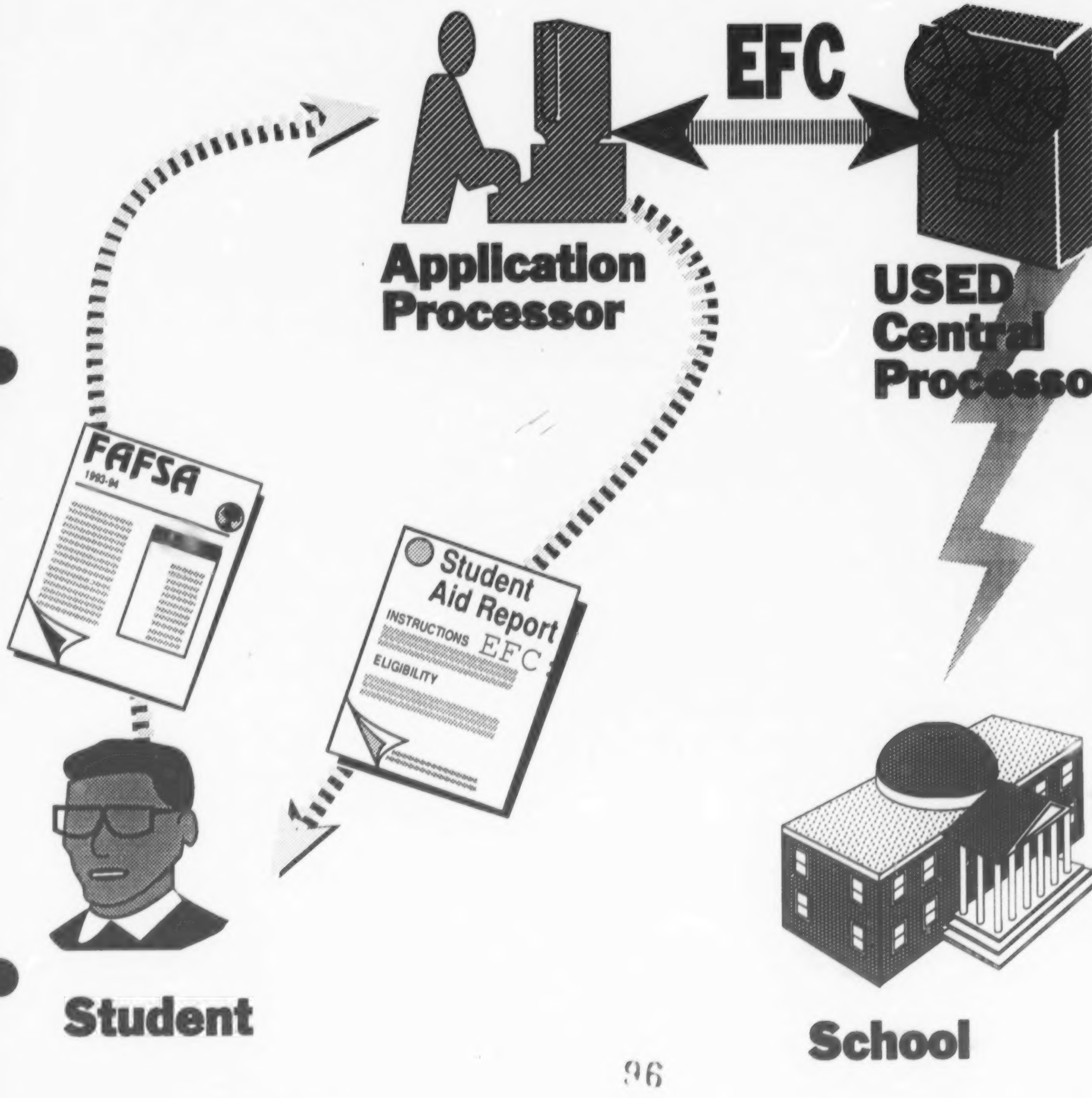
community college	**$5, 404**
4-year public college	**$8,342**
4-year private college	**$17,921**
career school	**$6,889**

BENEFITS

Education is an investment
Compare salaries
for different careers
Consider opportunity
for growth



Application Processing



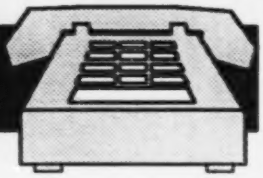
Special Application Circumstances

- Student or parent is unemployed or loses income or benefit
- Student or parent is a displaced homemaker or dislocated worker
- Family has unusual medical/dental expenses or pays elementary/secondary tuition
- Divorce or separation after application was filed
- Death of parent or spouse after application was filed

See the aid administrator at your college or career school...

Appendix A:
Sources of Additional Information

Toll-Free Information



For information on any of the federal student financial aid programs discussed in this *Handbook*, you or your students may call the —

Federal Student Aid Information Center
1-800-4 FED AID (433-3243)

9:00 a.m. - 5:30 p.m., Eastern Time, Monday through Friday

Please note that the **Information Center** cannot accept collect calls.

The **Information Center** provides the following services:

- Help in completing the application
- Help in understanding and correcting a SAR
- Checking on whether a school participates in the federal student aid programs
- Explaining who is eligible for aid
- Explaining how federal student aid is awarded and paid
- Explaining the verification process
- Mailing publications

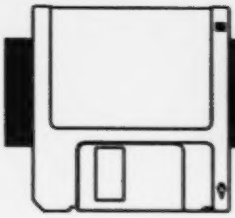
As a new service, the Information Center can also give a high school student a rough estimate of the student's eligibility for student aid, based on the income of the student's family, the number of family members, family members in college, the kind of school the student wants to attend, and the student's marital status.

To check on the status of an application, or to request a **duplicate SAR** you should call the **Information Center** on 301-722-9200.

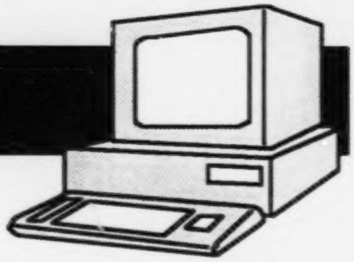
The Center is not able to:

- Make policy
- Expedite the Federal Pell Grant application process
- Discuss a student's Federal Pell Grant file with unauthorized persons
- Change an student's file without written authorization
- Influence an individual school's policies

The student's initial sources of information on federal student aid information should be the *Student Guide* **(See "Useful Publications" in this appendix)**, the instructions in the application booklet, the postsecondary school financial aid administrator, and the high school counselor.



Student Aid Tour



The Department has developed a computer program to help students learn more about federal student aid to help meet the educational expenses of college or career training. The program is called the **Student Aid Tour**, and it is free to students, parents, and counselors who have access to a Macintosh computer or an IBM-compatible computer with Windows 3 software.

The Student Aid Tour is a good place for students to start learning about planning for college. It works like a set of file cards that can be shuffled around. The Tour takes you through choosing a school carefully, applying for aid, student aid, and types of aid. By taking the Tour, one can find out:

- **Who is eligible for federal student aid**
- **How to apply for aid**
- **How much aid you can get from each program**
- **The address of the guarantee agency in your state for student loans**
- **How to get more information**

The Tour also provides a rough estimate of your eligibility for Federal Pell Grants and Federal Family Education Loans, based on your family size and income.

Free copies of the Tour may be obtained by calling the Federal Student Aid Information Center on **1-800-4 FED AID (433-3243)**.

Useful Publications

The Student Guide 1993-94 — A free booklet giving application information and describing the U.S. Department of Education's major financial aid programs. Individual copies are available from:

Federal Student Aid Information Center
P.O. Box 84
Washington, D.C. 20044

The Expected Family Contribution Formula, 1993-94 — A step-by-step explanation of how a student's family contribution is calculated. Available from:

Federal Student Aid Information Center
P.O. Box 84
Washington, D.C. 20044

School Shopping Tips — A guide to choosing a school carefully. Suggests things to look for when choosing a school and a career. Available from:

Federal Student Aid Information Center
P.O. Box 84
Washington, D.C. 20044

Higher Education Opportunities for Minorities and Women — Annotated Selections 1991 Edition — Although designed primarily for minorities and women, many of the listed opportunities are for all students. In some instances, information is provided on loans, scholarships, and fellowships. Available from:

Federal Student Aid Information Center
P.O. Box 84
Washington, D.C. 20044

Need a Lift? — The 41st edition (1992 issue) contains a survey of educational opportunities, careers, loans, and scholarships. Available for $2.00 from:

The American Legion
National Emblem Sales
P.O. Box 1050
Indianapolis, Indiana 46206

Paying for Your Education: A Guide for Adult Learners — A 160-page booklet available for $7.95 from:

College Board Publications Orders
Box 8896
New York, New York 10101-0886

Preparing Your Child for College: A Resource Book for Parents — A booklet that provides information on the academic and financial preparation necessary for college. Copies are available free from:

Consumer Information Center
Department 6534
Pueblo, Colorado 81009

Appendix B:
State Agencies

Listed below for each state, are the agencies responsible for administering the SSIG, Paul Douglas Teacher Scholarship, Robert C. Byrd Honors Scholarship Programs, and the National Science Scholars Program (NSSP) in that state, along with a contact person for each agency. The SSIG agency is always listed first, followed by the Douglas agency (in states where the Douglas program operates), the Byrd agency, and lastly by the NSSP agency. In most of the states, the SSIG and Douglas programs are administered by the same agency, while the Byrd program and NSSP are administered by either the state Department of Education or a different agency. The contact for each agency is usually the program official, designated as such with a "(P)" in front of his or her name. In a few instances, when there is no program official, the official listed will be the senior agency official. That person will be designated as such with an "(A)" in front of his or her name.

ALABAMA

Alabama Commission on Higher Education
Suite 221, One Court Square
Montgomery, Alabama 36104-3584
TEL: (205) 269-2700

SSIG Contact:

(P) Ms. Jan B. Hilyer
Staff Assistant for Student Assistance

Douglas Program:

Not participating

Byrd Program and NSSP:

State Department of Education
Gordon Persons Office Building
50 North Ripley Street
Montgomery, Alabama 36130-3901
TEL: (205) 242-8013

(P) Mr. Paul Wylie
Coordinator of Secondary Instructional Services

ALASKA

Alaska Commission on Postsecondary Education
Post Office Box FP
Juneau, Alaska 99811
TEL: (907) 465-2854

SSIG and Douglas Contact:

(P) Ms. Diane Barrans
Special Programs Coordinator

Byrd Program and NSSP:

State of Alaska Department of Education
801 West 10th Street
Suite 200
Juneau, Alaska 99801-1894

Byrd Contact:

(P) Ms. Terri Campbell
Program Coordinator
TEL: (907) 465-2884

NSSP Contact:

(P) Ms. Peggy Cowan
Science Specialist
TEL: (907) 465-2800

ARIZONA

Arizona Commission for Postsecondary Education
2020 North Central Ave., Suite 1407
Phoenix, Arizona 85012
TEL: (602) 229-2593

SSIG Contact:

(P) Mr. Louie R. Bustillo
Education Program
Compliance Officer

Douglas Contact:

(P) Ms. Mary Corbett Broad
Executive Director and Chief
Executive Officer

Byrd Program and NSSP:

State Department of Education
1535 West Jefferson
Phoenix, Arizona 85007

Byrd Contact:

(P) Mr. William L. Hunter
Education Program Director
TEL: (602) 542-2147

NSSP Contact:

(P) Mr. Michael Lang
State Science Supervisor
TEL: (602) 542-3537

ARKANSAS

Arkansas Department of Higher Education
114 East Capitol St.
Little Rock, Arkansas 72201-3818
TEL: (501) 324-9300

SSIG Contact:

(P) Mr. Phil Axelroth
Assistant Coordinator of
Student Aid

Douglas Contact:

(P) Ms. Julie Moore
Assistant Coordinator of
Student Aid

Byrd Program and NSSP:

Arkansas Department of Education
4 State Capitol Mall, Room 304A
Little Rock, Arkansas 72201-1071
(501) 682-4474

(P) Dr. Charles D. Watson
Math and Special Projects
Specialist

CALIFORNIA

California Student Aid Commission
P.O. Box 510845
Sacramento, California 94245-0845

SSIG Contact:

(P) Ms. Rebecca Stilling
Deputy Director
TEL: (916) 322-9267

Douglas Contact:

(P) Ms. Janet McDuffie
Coordinator, Specialized Programs
TEL: (916) 322-8801

BYRD PROGRAM:

CALIFORNIA STUDENT AID COMMISSION
1515 S Street, North Bldg.
Suite 500, P.O. Box 942845
Sacramento, California 94245-0845
TEL: (916) 322-8801

(P) Ms. Janet McDuffie
Coordinator, Specialized Programs

NSSP:

California Department of Education
721 Capitol Mall
P.O. Box 944272
Sacramento, California 94244-2720
TEL: (916) 324-7100

COLORADO

COLORADO COMMISSION ON
HIGHER EDUCATION
Colorado Heritage Center
1300 Broadway, 2nd Floor
Denver, Colorado 80203
TEL: (303) 866-2723

SSIG and Douglas Contact:

(P) Mr. John Ceru
Administrator,
Colorado Student Aid Programs

BYRD PROGRAM AND NSSP:

STATE DEPARTMENT OF EDUCATION
201 East Colfax Avenue
Denver, Colorado 80203

Byrd Contact:

(P) Dr. Arvin C. Blome
Assistant Commissioner
TEL: (303) 866-6782

NSSP Contact:

(P) Ms. Mary Gromko
Science Consultant
TEL: (303) 866-6764

CONNECTICUT

SSIG, DOUGLAS, & BYRD PROGRAM:

CONNECTICUT BOARD OF
HIGHER EDUCATION
61 Woodland Street
Hartford, Connecticut 06105-2391
TEL: (203) 566-2618

(P) Mr. John J. Siegrist
Director of Student
Financial Aid

NSSP:

Connecticut State Dept. of Education
P.O. Box 2210
Hartford, Connecticut 06145
TEL: (203) 566-4825

DELAWARE

DELAWARE POSTSECONDARY
EDUCATION COMMISSION
Carvel State Office Building
820 North French Street, 4th Floor
Wilmington, Delaware 19801
TEL: (302) 577-3240

SSIG Contact:

(P) Ms. Marilyn R. Quinn
Associate Director

Douglas Contact:

(P) Dr. John F. Corrozi
Executive Director

BYRD PROGRAM AND NSSP:

STATE DEPARTMENT OF
PUBLIC INSTRUCTION
Townsend Building, #279
Federal & Lockerman Streets
Post Office Box 1402
Dover, Delaware 19903

Byrd Contact:

(P) Vacant
TEL: (302) 739-4681

NSSP Contact:

Mr. John Cairne
State Supervisor or Science/
Environmental Education
TEL: (302) 739-4601

DISTRICT OF COLUMBIA

DEPARTMENT OF HUMAN
SERVICES
Office of Postsecondary Education,
Research and Assistance
2100 Martin Luther King, Jr. Avenue, SE
Suite 401
Washington, D.C. 20020

SSIG Contact:

(P) Ms. Jean T. Green
Acting Program Manager
D.C. SSIG Section
TEL: (202) 727-3685

Douglas Contact:

(P) Ms. Lurencia Henderson
TEL: (202) 727-3685

BYRD PROGRAM:

DISTRICT OF COLUMBIA PUBLIC SCHOOLS
Carver Administrative Unit
45th & Lee Street, N.E.
Washington, D.C. 20019
TEL: (202) 724-4934

(P) Ms. Florence T. Ridley
Director

NSSP:

Division of Curriculum and
Educational Technology
Langdon Administrative Unit
20th & Evarts Street, N.E.
Washington, D.C. 20004
TEL: (202) 576-7817

(P) Ms. Susie Oliphant
Director of Curriculum for
Science

FLORIDA

FLORIDA DEPARTMENT OF EDUCATION
Office of Student Financial Assistance
1344 Florida Education Center
Tallahassee, Florida 32399-0400
TEL: (904) 488-1034

SSIG and Douglas Contact:

(P) Dr. M. Elizabeth Sweeney
Administrator of State Programs

BYRD PROGRAM:

STATE DEPARTMENT OF EDUCATION
Capitol Building, Room PL 08
Tallahassee, Florida 32399-0400
TEL: (904) 488-1034

(P) Dr. M. Elizabeth Sweeney
Administrator of State Programs

NSSP:

Florida Department of Education
Office of Student Financial Assistance
1344 Florida Education Center
Tallahassee, Florida 32399-0400
TEL: (904) 488-1034

(P) Dr. M. Elizabeth Sweeney
Administrator of State Programs

GEORGIA

GEORGIA STUDENT FINANCE AUTHORITY
State Loans & Grants Division
2082 East Exchange Place
Suite 200
Tucker, Georgia 30084
TEL: (404) 493-5452

SSIG and Douglas Contact:

(P) Mr. William A. Flook
Program Officer

BYRD PROGRAM:

STATE DEPARTMENT OF EDUCATION
2066 Twin Towers East
205 Butler Street
Atlanta, Georgia 30334
TEL: (404) 656-5812

(P) Mr. Lonnie Love
Administrator

NSSP:

GEORGIA DEPARTMENT OF EDUCATION
1052 Twin Towers East
205 Butler Street
Atlanta, Georgia 30334-5040
TEL: (404) 656-2586

(P) Ms. Kathleen Varnell
Science Education Coordinator

HAWAII

HAWAII STATE POSTSECONDARY EDUCATION COMMISSION
2444 Dole Street, Room 209
Honolulu, Hawaii 96822
TEL: (808) 956-8213

SSIG Contact:

(P) Mr. Carl H. Makino
Administrative Assistant to
the Commission

DOUGLAS PROGRAM:

Not participating

BYRD PROGRAM:

STATE DEPARTMENT OF EDUCATION
1302 Queen Emma Street
Room A207
Honolulu, Hawaii 96813
TEL: (808) 548-6079

(P) Ms. Eloise Lee
Administrator, Byrd Scholarship Program

HAWAII STATE DEPARTMENT OF EDUCATION
P.O. Box 2360
1300 Miller Street, #307
Honolulu, Hawaii 96804
TEL: (808) 586-3310

(P) Mr. John Hawkins
Science Educational Specialist

IDAHO

OFFICE OF THE STATE BOARD OF EDUCATION
Len B. Jordan Building, Room 307
650 West State Street
Boise, Idaho 83720
TEL: (208) 334-2270

SSIG Contact:

(P) Mr. Keith Hasselquift
Chief Fiscal Officer

Douglas Contact:

(P) Mr. Bill Hargrove
Public Affairs Officer

BYRD PROGRAM AND NSSP:

STATE DEPARTMENT OF EDUCATION
650 West State Street
Boise, Idaho 83720

Byrd Contact:

(P) Ms. Sally Keister
Coordinator
TEL: (208) 334-2113

NSSP Contact:

(P) Mr. Richard Kay
Science Consultant
TEL: (208) 334-2281

ILLINOIS

ILLINOIS STATE STUDENT ASSISTANCE COMMISSION
106 Wilmot Road
Deerfield, Illinois 60015
TEL: (708) 948-8500

SSIG Contact:

(P) Ms. Christine Peterson
Director, Program Services

Douglas Contact:

(P) Mr. Larry E. Matejka
Executive Director

BYRD PROGRAM AND NSSP:

STATE BOARD OF EDUCATION
100 North First Street
Springfield, Illinois 62777

Byrd Contact:

(P) Mr. Ray Schaljo
Manager
TEL: (217) 782-5728

NSSP Contact:

(P) J. Robert Sampson
Manager, Curriculum
Improvement
TEL: (217) 782-2826

INDIANA

STATE STUDENT ASSISTANCE COMMISSION OF INDIANA
150 West Market St.
Suite 500
Indianapolis, Indiana 46204-2811
TEL: (317) 232-2350

SSIG Contact:

(P) Ms. Patricia Bright
Business and Accounting
Manager

Douglas Contact:

(P) Mr. Dennis Obergfell
Acting Executive Director

BYRD PROGRAM:

INDIANA DEPARTMENT OF EDUCATION
Room 229 - State House
Center for School Improvement
& Performance
Indianapolis, Indiana 46204-2798
TEL: (317) 232-9101

(P) Ms. Phyllis L. Usher
Senior Officer

NSSP:

INDIANA DEPARTMENT OF EDUCATION
Room 229 - State House
Indianapolis, Indiana 46204-2798
TEL: (317) 232-9101

(P) Ms. Phyllis L. Usher
Senior Officer for School
Improvement and Performance

IOWA

IOWA COLLEGE AID COMMISSION
201 Jewett Building
Ninth and Grand Avenue
Des Moines, Iowa 50309
TEL: (515) 281-3501

SSIG and Douglas Contact:

(P) Mr. John W. Heisner
Director, Program
Administration

BYRD PROGRAM:

STATE DEPARTMENT OF EDUCATION
Grimes State Office Building
Bureau of Instruction & Curriculum
Des Moines, Iowa 50319-0146

(P) Dr. Leland Wolf
Consultant
TEL: (515) 281-3198

NSSP:

IOWA DEPARTMENT OF EDUCATION
Grimes State Office Building
Des Moines, Iowa 50319

(P) Dr. W. Tony Heiting
Science Consultant
TEL: (515) 281-3249

KANSAS

Kansas Board of Regents
Suite 609, Capitol Tower
400 South West 8th Street
Topeka, Kansas 66603
TEL: (913) 296-3517

SSIG and Douglas Contact:

(P) Ms. Christine Crenshaw
Director of
Student Financial Aid

Byrd Program:

State Department of Education
Kansas State Education Bldg.
120 East Tenth Street
Topeka, Kansas 66612-1103
TEL: (913) 296-2306

(P) Mr. Warren J. Bell
Director

NSSP:

Kansas State Department of Education
120 East Tenth Street
Topeka, Kansas 66612
TEL: (913) 296-2598

KENTUCKY

Kentucky Higher Education
Assistance Authority
1050 U.S. 127 South, Suite 102
Frankfort, Kentucky 40601
TEL: (502) 564-4928

SSIG and Douglas Contact:

(P) Ms. Joyce A. Bryan
Manager, Student Aid
Programs

Byrd Program:

State Department of Education
1725 Capital Plaza Tower, 17th Floor
Frankfort, Kentucky 40601
TEL: (502) 564-6720

(P) Ms. Diane Teasley
Division Director,
Student Support Services

NSSP:

Kentucky Department of Education
500 Mero
Capitol Plaza Tower
Frankfort, Kentucky 40601
TEL: (502) 564-4770

(P) Ms. Jeri Oberg
Mathematics Consultant

LOUISIANA

Louisiana Student Financial
Assistance Commission
Office of Student Financial Assistance
Post Office Box 91202
Baton Rouge, Louisiana 70821-9202

SSIG Contact:

(P) Ms. Winona Kahoe
Director, Scholarships
and Grants
TEL: (504) 922-1150

Douglas Contact:

(P) Mr. Danny Walker
Chairman
TEL: (504) 922-1011

Byrd Program:

State Department of Education
Post Office Box 94064
626 North 4th Street, 12th Floor
Baton Rouge, LA 70804-9064
TEL: (504) 342-2098

(P) Ms. Sue Weaver
Assistant to the Superintendent

NSSP:

Louisiana State Department of Education
Post Office Box 94064
Baton Rouge, LA 70804-9064
TEL: (504) 342-3602

(P) Ms. Cheryl Emanuel
Program Manager for Science
and Environmental Education

MAINE

Finance Authority of Maine
Post Office Box 949
83 Western Avenue
Augusta, Maine 04333-0949
TEL: (207) 289-2183

SSIG Contact:

(P) Ms. Nancy E. Wasson
Consultant, Maine Student
Incentive Scholarship Program

Douglas Contact:

(P) Mrs. Helen Renko-Flanagan
Consultant

Byrd Program:

State Department of Education
Higher Education Services
State House Station #23
Augusta, Maine 04333
TEL: (207) 289-2183

(P) Mrs. Helen Renko-Flanagan
Consultant

NSSP:

State Department of Education
State House Station #23
Augusta, Maine 04333
TEL: (207) 289-5925

(P) Mr. Thomas E. Keller
Science Consultant

MARYLAND

Maryland State
Scholarship Administration
Jeffrey Building
16 Francis Street
Annapolis, Maryland 21401-1781
TEL: (410) 974-5370

SSIG Contact:

(P) Ms. Janice Breslin-Doyle
Director

Douglas Contact:

(A) Mr. Michael A Smith
Assistant Director

Byrd Program and NSSP:

State Department of Education
200 West Baltimore Street
Baltimore, Maryland 21201-2595

Byrd Contact:

(P) Ms. Mary Keath
Staff Specialist
TEL: (301) 333-2294

NSSP Contact:

(P) Ms. Mary Ann Brearton
Specialist in Science

MASSACHUSETTS

Board of Regents of Higher Education
Scholarship Office
330 Stuart Street
Boston, Massachusetts 02116
TEL: (617) 727-9420

SSIG and Douglas Contact:

(P) Ms. Elizabeth K. Fontaine
Director, State Scholarship Office

Byrd Program:

State Department of Education
Beaman Street
West Boylston, Massachusetts 01583
TEL: (617) 792-7780

(P) Mr. Raymond Gehling
Chapter II Block Grant
Coordinator

NSSP:

Massachusetts Department of Education
Division of School Programs
1385 Hancock Street
Quincy, Massachusetts 02169
(617) 770-7347

(P) Mr. C. Rodgers Close

MICHIGAN

Michigan Department of Education
Scholar and Tuition Grant Program
Post Office Box 30008
Lansing, Michigan 48909
TEL: (517) 373-3394

SSIG and Douglas Contact:

(P) Ms. Jean Maday
Supervisor

Byrd Program:

State Department of Education
Post Office Box 30008
608 West Allegan Street
Lansing, Michigan 48909
TEL: (517) 373-3399

(P) Mr. H. Jack Nelson
Acting Interim Director, Student
Financial Assistance Services

NSSP:

State Department of Education
Post Office Box 30008
Lansing, Michigan 48909
TEL: (517) 373-4223

(P) Ms. Mozell P. Lang
Science Specialist

MINNESOTA

Minnesota Higher Education Coordinating Board
Suite 400, Capitol Square
550 Cedar Street
St. Paul, Minnesota 55101

SSIG Contact:

(P) Ms. Virginia Dodds
Manager, State Grant Programs
TEL: (612) 296-9657 (Ext. 3034)

Douglas Contact:

(P) Ms. Mary Lou Dresbach
Program Assistant
TEL: (612) 296-1215

BYRD PROGRAM:

STATE DEPARTMENT OF EDUCATION
712 Capitol Square Building
550 Cedar Street
St. Paul, Minnesota 55101
TEL: (612) 297-2585

(P) Ms. Zona Sharp-Burk
Minnesota Academic Excellence Foundation

NSSP:

STATE DEPARTMENT OF EDUCATION
525 Capitol Square Building
550 Cedar Street
St. Paul, Minnesota 55101
TEL: (612) 296-4071

(P) Mr. Edward Hessler
Science Specialist

MISSISSIPPI

Mississippi Postsecondary Educational Financial Assistance Board
3825 Ridgewood Road
Jackson, Mississippi 39211-6453
TEL: (601) 982-6570

SSIG Contact:

(P) Ms. Dottie Strain
Assistant Director

Douglas Contact:

(P) Dr. James L. Flippin
Director

BYRD PROGRAM:

STATE DEPARTMENT OF EDUCATION
Post Office Box 771
550 High Street, Room 501
Jackson, Mississippi 39205-0771
TEL: (601) 359-3513

(P) Mr. Andy Mullins
Director, External Relations

NSSP:

STATE DEPARTMENT OF EDUCATION
Bureau of Instructional Services
Post Office Box 771, Suite 604
Jackson, Mississippi 39205-0771
TEL: (601) 359-3778

(P) Dr. Donna Lander
Director

MISSOURI

MISSOURI COORDINATING BOARD FOR HIGHER EDUCATION
101 Adams Street
Jefferson City, Missouri 65101-3059
TEL: (314) 751-2361

(P) Mr. Dan Peterson
Senior Associate, Student Financial Aid Programs

DOUGLAS PROGRAM:

Not participating

BYRD PROGRAM:

STATE DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
Post Office Box 480
205 Jefferson Street, Sixth Floor
Jefferson City, Missouri 65102
TEL: (314) 751-2931

(P) Dr. Celeste Ferguson
Assistant Commissioner

NSSP:

STATE DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
Instructional Improvement and Resources Section
Post Office Box 480
Jefferson City, Missouri 65102
TEL: (314) 751-5386

(P) Ms. Betty Lohraff
Director

MONTANA

MONTANA UNIVERSITY SYSTEM
2500 Broadway
Helena, Montana 59620-3104
TEL: (406) 444-6594

SSIG and Douglas Contact:

(P) Mr. William J. Lannan
Director of Special Projects

BYRD PROGRAM AND NSSP:

STATE OFFICE OF PUBLIC INSTRUCTION
State Capitol, Room 106
Helena, Montana 59620

Byrd Contact:

(P) Mr. Michael Hall
Gifted and Talented Education Specialist
TEL: (406) 444-4422

NSSP Contact:

(P) Mr. Bob Briggs
Science Specialist

NEBRASKA

NEBRASKA COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION
Post Office Box 95005
301 Centennial Mall South
Lincoln, Nebraska 68509

SSIG Contact:

(P) Dr. Bruce G. Stahl
Executive Director
TEL: (402) 471-2847

Douglas Contact:

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Scholarship Director
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Appendix C:
Glossary

Academic Year — This is a measure of the academic work to be accomplished by the student. The school defines its own academic year, but the federal regulations set minimum standards for the purpose of determining SFA awards. For instance, the academic year at a term school must be at least 30 weeks of instructional time in which a full-time student is expected to complete at least 24 semester or trimester hours, 36 quarter hours, or 900 clock hours.

Award Year — The award year begins on July 1st of one year, and extends to June 30 of the next year. Funding for the Federal Pell Grant and campus-based programs is provided on the basis of the award year — thus a student is paid out of funds designated for a particular award year, such as the 1992-93 award year or the 1993-1994 award year.

Base Year — For need analysis purposes, the base year is the calendar year preceding the award year. For instance, 1992 is the base year used for the 1993-94 award year.

Campus-based programs — The Federal Perkins Loan, the Federal Supplemental Educational Opportunity Grant, and the Federal Work-Study programs. These three programs are called "campus-based" because the funds are administered directly by the school's financial aid office, which awards these funds to students using federal guidelines.

Central Processing System (CPS) — The Department's processing facility for application data, currently located in Iowa. The CPS receives student information from the contractors, calculates the student's official EFC, and returns the student's information to the MDE processor, which prints the Student Aid Report.

Cost of Attendance (also known as Cost of Education) — The student's cost of attendance includes not only tuition and fees, but the student's living expenses while attending school. The cost of attendance is estimated by the school, within guidelines established by federal regulation. Note that the cost of attendance for the Federal Pell Grant Program is different from the cost of attendance in the other SFA programs. The cost of attendance is compared to the student's expected family contribution to determine the student's need for aid.

Department (or ED) — Abbreviation for the U.S. Department of Education.

Default — Failure to repay a loan in accordance with the terms of the promissory note.

Default rate — The percentage of current and former students who entered repayment on a Federal Stafford or Federal SLS loan, in a given year, who default before the end of the following year.

Expected Family Contribution (EFC) — The amount the student's family is expected to contribute towards the cost of attendance, for the purposes of the SFA programs. The EFC is printed on the front of the Student Aid Report.

Federal Family Education Loan Programs — The Federal Stafford, Federal SLS, and Federal PLUS loan programs. Funds for these three programs are provided by private lenders, and the loans are guaranteed by the federal government.

Financial need — The difference between the student's cost of attendance and the expected family contribution.

Free Application for Federal Student Aid (FAFSA) — The application filled out by the student that collects household and financial information to be used to calculate the expected family contribution.

Need analysis — The process of analyzing the household and financial information on the student's financial aid application and calculating an expected family contribution.

Need Analysis System (NAS) — A system (usually automated) that calculates an expected family contribution based on information the student reports on the FAFSA. Note that the MDEs are a type of need analysis system that also forwards student information to the federal processing system.

Overaward — Generally, any amount of campus-based aid or a Federal Family Education Loan that exceeds the student's financial need. (The overaward concept does not apply to the Federal Pell Grant Program.)

Overpayment — Any payment of a Federal Pell Grant, Federal SEOG, or SSIG that exceeds the amount for which the student was eligible, whether the overpayment is the result of an overaward, an error in the cost of attendance or the Expected Family Contribution, or any other eligibility criterion, such as citizenship or enrollment in an eligible program.

Promissory Note — A legal document that the borrower signs to get a loan in which the borrower promises to repay the loan, with interest, in specified installments. The promissory note will also include any information about the grace period, deferment or cancellation provisions, and the student's rights and responsibilities with respect to that loan.

Resources — Other student aid that must be taken into account to prevent an overaward in the campus-based programs, as defined in the regulations for the campus-based programs. (The term "resources" is used differently in the independent student definition, where it includes taxed and untaxed income, and other forms of non-parental support, as well as student aid.)

School — A postsecondary educational institution. In this Handbook the term "school" refers to postsecondary educational institution.

Simplified Needs Test — The primary purpose of the simplified needs test is to make it easier for students from low-income households to fill out the Free Application for Federal Student Aid. If a student's family's taxed income or earned income is $49,999 or less, and the relevant family members were non-tax filers or used a 1040A or a 1040EZ to file their taxes, the student will fill out only the first part of the application. Students who use the simplified needs test generally receive a larger award.

Student Aid Report (SAR) — The document printed by a contractor. The SAR contains the financial and other information reported by the student on the Free Application for Federal Student Aid as entered into the processing system. The student's eligibility for aid is indicated by the EFC printed on the front of the SAR.

SFA Programs — The programs administered by the Office of Student Financial Assistance within the U.S. Department of Education, namely, Federal Pell Grants, Federal Supplemental Educational Opportunity Grants, Federal Work-Study, Federal Perkins Loans, Federal Stafford Loans, Federal Supplemental Loans for Students, Federal PLUS Loans, State Student Incentive Grants, Byrd and Douglas Scholarships.

Verification — A procedure whereby the school checks the information the student reported on the financial aid application, usually by requesting a copy of the tax returns filed by the student and, if applicable, the student's spouse and parent(s). Many schools conduct their own form of verification. In addition, schools must verify students selected through the federal central processing system, following the procedures established by regulation. The contractor will print an asterisk next to the Expected Family Contribution (on the Student Aid Report) to identify students who have been selected for verification.

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